



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Mason County, Michigan

Financial Statements

with Independent Auditors' Report

December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Mason County, Michigan
Ludington, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mason (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, as of December 31, 2022, 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.

We did not audit the financial statements of the Mason County Road Commission which represents 92% of the assets, 95% of net position, and 90% of the revenues of the aggregate discretely presented component units. 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County of Mason, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Mason's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County of Mason's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Mason's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required pension and OPEB schedules, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Mason's basic financial statements. The combining and individual fund financial statements and the schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and other auditor. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards 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 30, 2023, on our consideration of the County of Mason'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Mason's 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's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

East Lansing, Michigan
June 30, 2023

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, 2022. 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 and deferred outflows of the County primary government exceeded its liabilities and deferred inflows at the close of fiscal year by \$81,053,087.99 (*Net Position*). Of this amount \$42,189,086.18 (*unrestricted Net Position of the government funds*) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The County's total Net Position increased by \$5,545,948.59 compared to 2021.
- * 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 \$37,206,408.17 an increase of \$6,545,876.79 in comparison with the prior year. Of the fund balance amount, \$22,118,442.14 is *available for spending* at the government's discretion (*unassigned and assigned fund balance*.)
- * The general fund had an increase in fund balance of \$5,397,442.55 for 2022. At the end of the year, unassigned fund balance for the general fund was \$8,753,341.45 or approximately 54.6% of total general fund expenditures and net operating transfers out. Total fund balance for the general fund was \$15,965,197.09.

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 2022, the Net Position of the County increased by \$5,534,790.67 compared to 2021. 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, the sewer system, the Medical Care Facility, and park operations.

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

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

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

Reporting the County's Most Significant Funds

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

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

Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 31 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general fund, jail operations, road patrol, and public improvement, each of which are considered to be major funds. Data for the other 27 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

Mason County, Michigan
Management's Discussion and Analysis
For the Year Ended December 31, 2022

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

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2021	2022	2021	2022	2021	2022
Revenues						
Program Revenues:						
Charges for services	\$1,980,902.53	\$ 1,813,404.49	\$10,491,286.57	\$11,221,902.33	\$12,472,189.10	\$13,035,306.82
Operating grants and contributions	2,389,696.38	8,600,948.63	1,338,262.70	45,177.80	3,727,959.08	8,646,126.43
Capital grants and contributions	0.00	29,288.94	15,092.33	15,590.38	15,092.33	44,879.32
General revenues:						
Property taxes and special assessments	13,966,869.23	15,229,069.32	2,190,363.47	2,230,820.73	16,157,232.70	17,459,890.05
Investment earnings	1,035,101.48	(455,578.25)	202,503.99	(457,563.60)	1,237,605.47	(913,141.85)
Gain (Loss) on sale of capital assets	(42,303.89)	9,575.00	0.00	0.00	(42,303.89)	9,575.00
Other revenues	501,292.45	487,285.09	436,312.54	427,238.56	937,604.99	914,523.65
Transfers	(972,800.00)	(226,778.00)	972,800.00	226,778.00	0.00	0.00
Total revenues	18,858,758.18	25,487,215.22	15,646,621.60	13,709,944.20	34,505,379.78	39,197,159.42
Expenses						
Legislative	405,741.52	498,112.24	0.00	0.00	405,741.52	498,112.24
Judicial	2,790,598.75	3,272,420.76	0.00	0.00	2,790,598.75	3,272,420.76
General government administration	4,019,723.68	4,554,637.73	0.00	0.00	4,019,723.68	4,554,637.73
Public safety	6,159,252.78	7,962,452.64	0.00	0.00	6,159,252.78	7,962,452.64
Public works	70,079.33	65,318.31	0.00	0.00	70,079.33	65,318.31
Health and social services	1,736,394.88	2,167,189.44	0.00	0.00	1,736,394.88	2,167,189.44
Parks, recreation, and cultural	132,374.50	160,884.04	0.00	0.00	132,374.50	160,884.04
Miscellaneous	244,279.36	163,058.92	0.00	0.00	244,279.36	163,058.92
Delinquent tax collections and other Business-type activities	0.00	0.00	13,680,739.53	14,807,136.75	13,680,739.53	14,807,136.75
Total Expenses	15,558,444.80	18,844,074.08	13,680,739.53	14,807,136.75	29,239,184.33	33,651,210.83
Increase in net position	3,300,313.38	6,643,141.14	1,965,882.07	(1,097,192.55)	5,266,195.45	5,545,948.59
Net Position, beginning of year	46,798,997.20	50,075,351.19	23,477,064.06	25,442,946.13	70,276,061.26	75,518,297.32
Prior Period adjustment	(23,959.39)	(11,157.92)	0.00	0.00	(23,959.39)	(11,157.92)
Total Net Position, end of year	\$50,075,351.19	\$56,707,334.41	\$25,442,946.13	\$24,345,753.58	\$75,518,297.32	\$81,053,087.99

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, park 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

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2021	2022	2021	2022	2021	2022
Current and other assets	\$54,673,051.34	\$59,885,556.13	\$25,030,768.76	\$25,645,008.94	\$79,703,820.10	\$85,530,565.07
Noncurrent assets	13,554,800.52	13,434,047.21	6,832,461.16	6,690,347.24	20,387,261.68	20,124,394.45
Total Assets	68,227,851.86	73,319,603.34	31,863,229.92	32,335,356.18	100,091,081.78	105,654,959.52
Deferred outflows of resources	3,051,614.00	8,406,108.00	1,775,442.00	3,979,207.00	4,827,056.00	12,385,315.00
Current and other liabilities	958,214.40	1,237,719.88	891,650.26	850,193.48	1,849,864.66	2,087,913.36
Noncurrent liabilities	13,690,962.72	17,954,280.99	3,497,522.26	6,935,335.49	17,188,484.98	24,889,616.48
Total liabilities	14,649,177.12	19,192,000.87	4,389,172.52	7,785,528.97	19,038,349.64	26,977,529.84
Deferred inflows of resources	6,554,937.55	5,826,376.06	3,806,553.27	4,183,280.63	10,361,490.82	10,009,656.69
Net Position:						
Net investment in capital assets	10,125,820.87	10,046,129.08	6,924,656.16	6,786,607.24	17,050,477.03	16,832,736.32
Restricted	4,416,963.55	4,472,119.15	0.00	0.00	4,416,963.55	4,472,119.15
Unrestricted	35,532,566.77	42,189,086.18	18,518,289.97	17,559,146.34	54,050,856.74	59,748,232.52
Total Net Position	\$50,075,351.19	\$56,707,334.41	\$25,442,946.13	\$24,345,753.58	\$75,518,297.32	\$81,053,087.99

A portion of the County's net position, \$16,832,736.32 (20.8 percent), is its investment in capital assets (i.e. land, buildings, vehicles, equipment, and infrastructure). 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, \$4,472,119.15 (5.5 percent), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$59,748,232.52 (73.7 percent), may be used to meet the government's ongoing obligations to citizens and creditors. The County's net position increased by \$5,545,948.59 during the current fiscal year, \$6,643,141.14 increase for governmental activities and a \$1,097,192.55 decrease for business-type activities.

Governmental activities. Governmental activities increased the County's net position by \$6,643,141.14. 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 2022 and excellent experience results.
- The amount of the unfunded pension liability increased due to poor investment results. This was supplemented by the county providing funding in excess of the Annual Required Contribution (ARC) requirements in 2022.
- The County received an American Recovery Plan Grant of \$5,660,880.00.

Business-type activities. Net position of the County's business-type activities decreased by \$1,097,192.55. This decrease in net position reflects poor financial results by the Oakview Medical Care Facility.

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, 2022, the County's governmental funds reported combined ending fund balances of \$37,206,408.17 an increase of \$6,545,876.79 in comparison with the prior year. Of the fund balance amount, \$22,118,442.14 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 \$8,753,341.45, while total fund balance was \$15,965,197.09.

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 54.6 percent of the total general fund expenditures and transfers.

The fund balance of the County's general fund increased by \$5,397,442.55 during the current fiscal year. This is primarily attributable to departments keeping their expenditures under budgeted amounts, state reimbursements of lost personal property taxes being higher than expected, an increase in investment income for the year, and the County receiving an American Recovery Plan Grant of \$5,660,880.00.

The Public Improvement Fund increased by \$585,105.75 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, medical care facility, and park operations funds at the end of the year amounted to \$836,815.74, \$5,887,898.72, \$1,455,051.00, \$1,551,025.94, \$7,291,310.81, and \$537,044.13, 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 \$6,554,530.31 from the original budget to actual. Property taxes and federal grants were higher than anticipated.

The original budget was amended to decrease expenditures due to several cost savings experienced. The total change from original budget to final amended was \$714,075. Expenditures were under budget in total by \$87,937.24.

Capital Assets

As of December 31, 2022, the County's investment in capital assets for its governmental activities amounted to \$10,046,129.08 (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 0.79 percent. The County's business-type activities' net capital assets decreased by \$138,048.92. See note 9 for additional detail.

Mason County's Capital Assets

		<u>Governmental</u>	<u>Activities</u>
		<u>2021</u>	<u>2022</u>
Land and Improvements		\$ 1,021,673.59	\$ 1,021,673.59
Buildings and Improvements		17,948,840.28	18,380,789.28
Equipment and Vehicles		<u>3,295,877.80</u>	<u>3,651,867.30</u>
Subtotal		22,266,391.67	23,054,330.17
Less: Accumulated Depreciation		<u>(12,140,570.80)</u>	<u>(13,008,201.09)</u>
Total		<u>\$10,125,820.87</u>	<u>\$10,046,129.08</u>

		<u>Business-type</u>	<u>Activities</u>
		<u>2021</u>	<u>2022</u>
Land and Improvements		\$ 3,330,528.34	\$ 3,344,109.74
Buildings and Improvements		9,688,187.62	9,757,078.37
Sewer systems		1,533,220.06	1,533,220.06
Equipment and Vehicles		<u>2,458,125.39</u>	<u>2,642,501.18</u>
Subtotal		17,010,061.41	17,276,909.35
Less: Accumulated Depreciation		<u>(10,085,405.25)</u>	<u>(10,490,302.11)</u>
Total		<u>\$ 6,924,656.16</u>	<u>\$ 6,786,607.24</u>

Economic Factors and next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for 2023:

- Slow economic growth as a result of the COVID 19.
- Strong interest investment earnings will have a positive impact on revenue and the financial stability of retirement plans.
- Rising inflation and 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, 5300 W. US-10, Ludington, MI 49431.

BASIC FINANCIAL STATEMENTS - OVERVIEW

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

Mason County, Michigan
Statement of Net Position
December 31, 2022

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
ASSETS				
Current assets				
Cash and cash equivalents	\$ 8,867,241.63	6,801,411.01	15,668,652.64	2,150,187.23
Investments	45,446,524.91	14,641,873.32	60,088,398.23	526,535.95
Receivables				
Property taxes	2,555,428.41	3,092,959.63	5,648,388.04	1,068,435.56
Accounts (net of allowance for doubtful accounts)	61,236.73	132,592.16	193,828.89	1,592,266.00
Special assessments	0.00	0.00	0.00	265,486.65
Other	113,104.07	36,465.27	149,569.34	1,729.98
Due from other governmental units				
Federal/State	454,027.97	804,643.99	1,258,671.96	0.00
Local	106,572.01	0.00	106,572.01	1,086.34
Inventories	0.00	23,893.22	23,893.22	833,220.00
Lease receivable	0.00	96,260.00	96,260.00	0.00
Internal balances - current	725.56	(725.56)	0.00	44,123.30
Deposits	2,111,620.62	0.00	2,111,620.62	0.00
Prepaid items	169,074.22	15,635.90	184,710.12	63,261.72
TOTAL CURRENT ASSETS	59,885,556.13	25,645,008.94	85,530,565.07	6,546,332.73
Noncurrent assets				
Lease receivable	0.00	1,675,546.13	1,675,546.13	0.00
Internal balance - Noncurrent	1,771,806.13	(1,771,806.13)	0.00	0.00
Land contract	0.00	0.00	0.00	0.00
Net OPEB asset	1,616,112.00	0.00	1,616,112.00	183,402.00
Capital assets not being depreciated	223,802.00	662,703.65	886,505.65	22,592,628.00
Capital assets (net of accumulated depreciation)	9,822,327.08	6,123,903.59	15,946,230.67	35,811,385.79
TOTAL NONCURRENT ASSETS	13,434,047.21	6,690,347.24	20,124,394.45	58,587,415.79
TOTAL ASSETS	73,319,603.34	32,335,356.18	105,654,959.52	65,133,748.52
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows (Pension and OPEB	8,406,108.00	3,979,207.00	12,385,315.00	2,176,868.00

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

Mason County, Michigan
Statement of Net Position
December 31, 2022

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS	COMPONENT UNITS
LIABILITIES				
Current liabilities				
Accounts payable	\$ 558,944.47	215,225.05	774,169.52	123,274.62
Accrued liabilities	418,303.77	542,175.19	960,478.96	147,439.90
Due to individuals/agencies	82,896.49	92,073.24	174,969.73	778.31
Due to other funds	0.00	0.00	0.00	44,123.30
Due to other governmental units				
State	161,160.96	0.00	161,160.96	0.00
Local	16,414.19	720.00	17,134.19	0.00
Advances from State	0.00	0.00	0.00	324,977.00
Bonds and notes payable	0.00	0.00	0.00	255,344.00
TOTAL CURRENT LIABILITIES	1,237,719.88	850,193.48	2,087,913.36	895,937.13
Noncurrent liabilities				
General obligation bonds and				
notes payable	0.00	0.00	0.00	1,503,605.00
Accrued post closure	387,050.58	0.00	387,050.58	0.00
Net Pension Liability	16,730,534.02	6,596,813.00	23,327,347.02	4,368,717.00
Unearned revenue	235,256.57	0.00	235,256.57	0.00
Compensated absences	601,439.82	338,522.49	939,962.31	198,190.00
TOTAL NONCURRENT LIABILITIES	17,954,280.99	6,935,335.49	24,889,616.48	6,070,512.00
TOTAL LIABILITIES	19,192,000.87	7,785,528.97	26,977,529.84	6,966,449.13
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows (Pension and OPEB)	3,275,910.00	1,207,979.00	4,483,889.00	316,643.00
Taxes levied for next fiscal year	2,550,466.06	2,975,301.63	5,525,767.69	1,333,922.21
DEFERRED INFLOWS OF RESOURCES	5,826,376.06	4,183,280.63	10,009,656.69	1,650,565.21
NET POSITION				
Net investment in capital assets	10,046,129.08	6,786,607.24	16,832,736.32	56,645,064.79
Restricted for County Roads	0.00	0.00	0.00	1,441,445.00
Restricted for special purposes	4,472,119.15	0.00	4,472,119.15	128,811.00
Unrestricted	42,189,086.18	17,559,146.34	59,748,232.52	478,281.39
TOTAL NET POSITION	\$ 56,707,334.41	24,345,753.58	81,053,087.99	58,693,602.18

Mason County, Michigan
Statement of Activities
For the Year Ended December 31, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT			
Governmental activities			
Legislative	\$ 498,112.24	0.00	0.00
Judicial	3,272,420.76	248,499.98	1,212,741.12
General government administration	4,554,637.73	1,215,487.64	718,679.79
Public safety	7,962,452.64	270,351.42	6,180,117.48
Public works	65,318.31	21,697.41	0.00
Health and social services	2,167,189.44	45,863.04	489,410.24
Parks, recreation, and cultural	160,884.04	0.00	0.00
Miscellaneous	163,058.92	11,505.00	0.00
TOTAL GOVERNMENTAL ACTIVITIES	18,844,074.08	1,813,404.49	8,600,948.63
Business-type activities			
Parks operations	165,628.76	142,071.00	32,177.80
Public works operations and maintenance	400,729.35	182,904.18	0.00
Airport operations	571,141.15	266,675.98	13,000.00
Delinquent tax collections	13,801.14	242,445.38	0.00
Medical care facility	13,584,967.99	10,013,594.59	0.00
Delinquent tax foreclosure	70,868.36	374,211.20	0.00
TOTAL BUSINESS-TYPE ACTIVITIES	14,807,136.75	11,221,902.33	45,177.80
TOTAL PRIMARY GOVERNMENT	\$ 33,651,210.83	13,035,306.82	8,646,126.43
COMPONENT UNITS			
Drainage Districts	\$ 19,694.17	12,279.48	0.00
Lake Improvement District	222,222.72	298,501.26	0.00
District Library	1,419,707.10	99,744.72	28,492.14
Road Commission	9,194,768.00	3,565,665.00	7,346,223.00
TOTAL COMPONENT UNITS	\$ 10,856,391.99	3,976,190.46	7,374,715.14

General Revenues and Transfers

Taxes

Property taxes

Unrestricted investment earnings

Unrealized gain (loss) on investments

Gain (loss) on sale of capital assets

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - January 1

Prior Period Adjustment

Net Position - December 31

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

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	PRIMARY GOVERNMENT			COMPONENT UNITS
	GOVERNMENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTALS	
0.00	(498,112.24)	0.00	(498,112.24)	0.00
0.00	(1,811,179.66)	0.00	(1,811,179.66)	0.00
0.00	(2,620,470.30)	0.00	(2,620,470.30)	0.00
29,288.94	(1,482,694.80)	0.00	(1,482,694.80)	0.00
0.00	(43,620.90)	0.00	(43,620.90)	0.00
0.00	(1,631,916.16)	0.00	(1,631,916.16)	0.00
0.00	(160,884.04)	0.00	(160,884.04)	0.00
0.00	(151,553.92)	0.00	(151,553.92)	0.00
29,288.94	(8,400,432.02)	0.00	(8,400,432.02)	0.00
15,590.38	0.00	24,210.42	24,210.42	0.00
0.00	0.00	(217,825.17)	(217,825.17)	0.00
0.00	0.00	(291,465.17)	(291,465.17)	0.00
0.00	0.00	228,644.24	228,644.24	0.00
0.00	0.00	(3,571,373.40)	(3,571,373.40)	0.00
0.00	0.00	303,342.84	303,342.84	0.00
15,590.38	0.00	(3,524,466.24)	(3,524,466.24)	0.00
44,879.32	(8,400,432.02)	(3,524,466.24)	(11,924,898.26)	0.00
0.00	0.00	0.00	0.00	(7,414.69)
0.00	0.00	0.00	0.00	76,278.54
0.00	0.00	0.00	0.00	(1,291,470.24)
2,862,548.00	0.00	0.00	0.00	4,579,668.00
2,862,548.00	0.00	0.00	0.00	3,357,061.61
15,229,069.32		2,230,820.73	17,459,890.05	1,032,507.10
1,068,893.44		252,827.28	1,321,720.72	34,940.84
(1,524,471.69)		(710,390.88)	(2,234,862.57)	(8,824.88)
9,575.00		0.00	9,575.00	143,009.00
487,285.09		427,238.56	914,523.65	113,457.39
(226,778.00)		226,778.00	0.00	0.00
15,043,573.16		2,427,273.69	17,470,846.85	1,315,089.45
6,643,141.14		(1,097,192.55)	5,545,948.59	4,672,151.06
50,075,351.19		25,442,946.13	75,518,297.32	54,021,451.12
(11,157.92)		0.00	(11,157.92)	0.00
\$ 56,707,334.41		24,345,753.58	81,053,087.99	58,693,602.18

Mason County, Michigan
Balance Sheet- Governmental Funds
December 31, 2022

	GENERAL	JAIL OPERATIONS
ASSETS		
Cash and cash equivalents	\$ 1,609,488.24	199,844.69
Investments (Net of premiums/discounts)	12,501,344.63	1,445,084.10
Receivables		
Property taxes	0.00	1,252,663.49
Accounts (net of allowance for doubtful accounts)	28,373.18	3,783.79
Other	36,460.88	5,288.82
Due from state and federal government	266,436.56	4,918.50
Due from other units	103,985.51	1,273.63
Due from other funds	0.00	0.00
Advances to other funds	1,771,806.13	0.00
Prepaid items	<u>95,055.37</u>	<u>31,499.64</u>
TOTAL ASSETS	\$ <u>16,412,950.50</u>	<u>2,944,356.66</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 173,533.66	50,893.57
Accrued liabilities	92,614.96	25,474.65
Due to other funds	1,615.73	0.00
Due to state and federal government	127,402.15	0.00
Due to other governmental units	0.00	0.00
Due to individuals	27,296.91	54,855.94
Unearned revenue	<u>25,290.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>447,753.41</u>	<u>131,224.16</u>
Deferred inflows of resources		
Taxes levied for next fiscal year	<u>0.00</u>	<u>1,252,663.49</u>
Fund balances		
Nonspendable	1,866,861.50	31,499.64
Restricted	0.00	1,528,969.37
Committed	4,631,347.81	0.00
Assigned	713,646.33	0.00
Unassigned	<u>8,753,341.45</u>	<u>0.00</u>
TOTAL FUND BALANCE	<u>15,965,197.09</u>	<u>1,560,469.01</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>16,412,950.50</u>	<u>2,944,356.66</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
135,451.97	1,045,414.64	4,498,359.45	7,488,558.99
690,015.57	7,489,694.85	6,157,919.27	28,284,058.42
647,929.39	0.00	654,835.53	2,555,428.41
1,420.00	0.00	27,659.76	61,236.73
673.72	24,171.54	15,375.20	81,970.16
67,045.41	0.00	115,627.50	454,027.97
658.66	0.00	654.21	106,572.01
0.00	0.00	1,615.73	1,615.73
0.00	0.00	0.00	1,771,806.13
22,908.92	0.00	7,561.11	157,025.04
<u>1,566,103.64</u>	<u>8,559,281.03</u>	<u>11,479,607.76</u>	<u>40,962,299.59</u>
14,879.05	44,145.00	250,737.69	534,188.97
47,461.91	0.00	9,084.57	174,636.09
0.00	0.00	0.00	1,615.73
0.00	0.00	33,758.81	161,160.96
0.00	0.00	16,414.19	16,414.19
0.00	0.00	0.00	82,152.85
0.00	0.00	209,966.57	235,256.57
<u>62,340.96</u>	<u>44,145.00</u>	<u>519,961.83</u>	<u>1,205,425.36</u>
<u>647,929.39</u>	<u>0.00</u>	<u>649,873.18</u>	<u>2,550,466.06</u>
22,908.92	0.00	7,561.11	1,928,831.17
832,924.37	0.00	2,110,225.41	4,472,119.15
0.00	0.00	4,055,667.90	8,687,015.71
0.00	8,515,136.03	4,136,318.33	13,365,100.69
0.00	0.00	0.00	8,753,341.45
<u>855,833.29</u>	<u>8,515,136.03</u>	<u>10,309,772.75</u>	<u>37,206,408.17</u>
<u>1,566,103.64</u>	<u>8,559,281.03</u>	<u>11,479,607.76</u>	<u>40,962,299.59</u>

Mason County, Michigan
Reconciliation of the Governmental Funds Balance Sheet
To The Statement of Net Position
December 31, 2022

Total fund balances for governmental funds		\$ 37,206,408.17
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	18,380,789.28	
Vehicles and equipment	3,651,867.30	
Accumulated depreciation	<u>(13,008,201.09)</u>	10,046,129.08
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.	\$ 20,440,561.56	
Less: net capital assets included above	<u>(13,049.98)</u>	20,427,511.58
Gain on a sale of fixed assets by a land contract is not available in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		0.00
Accrued vacation and sick time earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, these amounts are included in the Statement of Net Position.		(601,439.82)
Net deferred inflows/outflows related to pensions & OPEB are not earned or expended in the current period and therefore are not reported in the funds. However, these amounts are included in the Statement of Net Position.		5,130,198.00
Pensions earned by eligible employees is not payable in the current period and therefore is not reported in the funds. However, the amounts are included in the Statement of Net Position as net pension liability.		(16,730,534.02)
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.		1,616,112.00
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>(387,050.58)</u>
Net position of governmental activities		<u>\$ 56,707,334.41</u>

Mason County, Michigan
Statement of Revenues, Expenditures
And Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2022

	GENERAL	JAIL OPERATIONS
REVENUES		
General property taxes	\$ 12,520,374.98	1,266,402.95
Permits and regulatory licenses	87,090.00	0.00
Intergovernmental		
Federal/State	7,825,699.72	0.00
Charges for services	805,803.89	151,274.98
Fines and forfeitures	4,475.00	0.00
Interest and rents	368,596.28	31,498.88
Unrealized gain (loss) on investments	(592,017.49)	(131,877.47)
Miscellaneous	402,682.93	3,979.15
	<hr/>	<hr/>
TOTAL REVENUES	21,422,705.31	1,321,278.49
	<hr/>	<hr/>
EXPENDITURES		
Current		
Legislative	473,730.34	0.00
Judicial	1,970,001.74	0.00
General government administration	3,571,770.42	0.00
Public safety	879,189.22	3,166,576.04
Public works	34,609.17	0.00
Health and social services	655,917.31	0.00
Recreation and cultural	29,588.24	0.00
Miscellaneous	53,925.32	0.00
Capital outlay	0.00	0.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	7,668,731.76	3,166,576.04
	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	13,753,973.55	(1,845,297.55)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	0.00	1,944,475.00
Transfers out	(8,356,531.00)	(99,250.00)
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	(8,356,531.00)	1,845,225.00
	<hr/>	<hr/>
Change in Fund Balance	5,397,442.55	(72.55)
FUND BALANCE, JANUARY 1	10,567,754.54	1,560,541.56
PRIOR PERIOD ADJUSTMENT	0.00	0.00
	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 15,965,197.09	1,560,469.01
	<hr/>	<hr/>

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
654,988.46	0.00	787,302.93	15,229,069.32
0.00	0.00	0.00	87,090.00
97,806.98	0.00	706,730.87	8,630,237.57
6,934.50	0.00	616,357.38	1,580,370.75
0.00	0.00	15,068.00	19,543.00
10,172.64	98,737.75	155,801.32	664,806.87
(27,097.54)	(387,633.01)	(261,398.75)	(1,400,024.26)
11,741.35	0.00	76,970.69	495,374.12
<u>754,546.39</u>	<u>(288,895.26)</u>	<u>2,096,832.44</u>	<u>25,306,467.37</u>
0.00	0.00	0.00	473,730.34
0.00	0.00	1,136,979.95	3,106,981.69
0.00	0.00	532,238.48	4,104,008.90
2,891,531.78	0.00	67,024.98	7,004,322.02
0.00	0.00	0.00	34,609.17
0.00	0.00	1,336,676.04	1,992,593.35
0.00	0.00	0.00	29,588.24
0.00	0.00	93,779.40	147,704.72
0.00	438,954.99	409,369.16	848,324.15
<u>2,891,531.78</u>	<u>438,954.99</u>	<u>3,576,068.01</u>	<u>17,741,862.58</u>
<u>(2,136,985.39)</u>	<u>(727,850.25)</u>	<u>(1,479,235.57)</u>	<u>7,564,604.79</u>
2,191,475.00	1,312,956.00	2,082,625.00	7,531,531.00
<u>(82,500.00)</u>	<u>0.00</u>	<u>(11,978.00)</u>	<u>(8,550,259.00)</u>
<u>2,108,975.00</u>	<u>1,312,956.00</u>	<u>2,070,647.00</u>	<u>(1,018,728.00)</u>
(28,010.39)	585,105.75	591,411.43	6,545,876.79
893,741.28	7,930,030.28	9,719,621.64	30,671,689.30
<u>(9,897.60)</u>	<u>0.00</u>	<u>(1,260.32)</u>	<u>(11,157.92)</u>
<u>855,833.29</u>	<u>8,515,136.03</u>	<u>10,309,772.75</u>	<u>37,206,408.17</u>

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, 2022

Net change in fund balance - total governmental funds		\$ 6,545,876.79
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.		
Buildings and improvements	431,949.00	
Vehicles and equipment	\$ 408,158.93	
Depreciation expense	<u>(919,799.72)</u>	(79,691.79)
Governmental funds report deposits into a trust fund as expense.		
However, in the Statement of Activities, the deposit and related income is recorded as a decrease in the Pension liability.		(1,214,941.02)
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.		390,032.48
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.	\$ 994,527.41	
Add: depreciation expense included above	<u>4,299.98</u>	998,827.39
Estimates for accrued vacation and sick time, and accrued post closure increase the governmental activities expenses on the Statement of Activities.		<u>3,037.29</u>
Changes in net position of governmental activities		<u>\$ 6,643,141.14</u>

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

Mason County, Michigan
Balance Sheet - Proprietary Funds
December 31, 2022

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
ASSETS		
Current assets		
Cash and cash equivalents	\$ 701,111.57	4,063,107.92
Investments (net of premiums and discounts)	822,396.79	8,134,211.34
Receivables		
Property Taxes and Special Assessment Receivable	0.00	2,098,211.34
Accounts (net of allowance for doubtful accounts)	40,448.25	91,680.56
Notes receivable from other governmental units	96,260.00	0.00
Other	1,769.90	18,043.81
Deposit	0.00	0.00
Due from other funds	0.00	0.00
Due from other governmental units	44,333.66	725,490.26
Inventory	0.00	0.00
Prepaid items	1,719.90	0.00
	<u>1,708,040.07</u>	<u>15,130,745.23</u>
TOTAL CURRENT ASSETS		
Noncurrent assets		
Notes receivable from other governmental units	1,675,546.13	0.00
Long-term advances	0.00	0.00
Land	0.00	562,601.00
Sewer & water systems	1,415,828.06	0.00
Land improvements	0.00	214,224.46
Buildings	0.00	7,896,053.64
Equipment	7,045.02	1,858,030.55
Accumulated depreciation	(824,546.66)	(6,478,780.92)
	<u>2,273,872.55</u>	<u>4,052,128.73</u>
NET NONCURRENT ASSETS		
TOTAL ASSETS	<u>3,981,912.62</u>	<u>19,182,873.96</u>
DEFERRED OUTFLOWS OF RESOURCES - PENSION AND OPEB	<u>0.00</u>	<u>3,979,207.00</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 3,981,912.62</u>	<u>23,162,080.96</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
389,331.63	1,647,859.89	6,801,411.01	1,378,682.64
4,470,681.66	1,214,583.53	14,641,873.32	17,162,466.49
994,748.29	0.00	3,092,959.63	0.00
0.00	463.35	132,592.16	0.00
0.00	0.00	96,260.00	0.00
13,490.75	3,160.81	36,465.27	31,133.91
0.00	0.00	0.00	2,111,620.62
0.00	0.00	0.00	17,499.53
18,420.49	16,399.58	804,643.99	0.00
0.00	23,893.22	23,893.22	0.00
3,134.83	10,781.17	15,635.90	12,049.18
<u>5,889,807.65</u>	<u>2,917,141.55</u>	<u>25,645,734.50</u>	<u>20,713,452.37</u>
0.00	0.00	1,675,546.13	0.00
0.00	0.00	0.00	0.00
0.00	100,102.65	662,703.65	0.00
0.00	117,392.00	1,533,220.06	0.00
0.00	2,467,181.63	2,681,406.09	0.00
0.00	1,861,024.73	9,757,078.37	0.00
0.00	777,425.61	2,642,501.18	82,274.81
0.00	(3,186,974.53)	(10,490,302.11)	(69,224.83)
<u>0.00</u>	<u>2,136,152.09</u>	<u>8,462,153.37</u>	<u>13,049.98</u>
<u>5,889,807.65</u>	<u>5,053,293.64</u>	<u>34,107,887.87</u>	<u>20,726,502.35</u>
<u>0.00</u>	<u>0.00</u>	<u>3,979,207.00</u>	<u>0.00</u>
<u><u>5,889,807.65</u></u>	<u><u>5,053,293.64</u></u>	<u><u>38,087,094.87</u></u>	<u><u>20,726,502.35</u></u>

Mason County, Michigan
Balance Sheet - Proprietary Funds
December 31, 2021

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 60,754.13	137,212.62
Accrued liabilities	0.00	540,734.96
Due to other governmental units		
Due to individuals	0.00	32,760.57
Due to other funds	0.00	0.00
Accrued interest payable	0.00	0.00
Advances from other funds	1,771,806.13	0.00
Due to other units	0.00	0.00
TOTAL CURRENT LIABILITIES	<u>1,832,560.26</u>	<u>710,708.15</u>
Noncurrent liabilities		
Compensated absences	0.00	337,035.64
Net pension liability	<u>0.00</u>	<u>6,596,813.00</u>
TOTAL NONCURRENT LIABILITIES	<u>0.00</u>	<u>6,933,848.64</u>
TOTAL LIABILITIES	<u>1,832,560.26</u>	<u>7,644,556.79</u>
Deferred inflows of resources		
Pension deferred inflows	0.00	1,207,979.00
Taxes levied for next fiscal year	<u>0.00</u>	<u>2,966,105.63</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>0.00</u>	<u>4,174,084.63</u>
Net Position		
Net investment in capital assets	598,326.42	4,052,128.73
Restricted	0.00	0.00
Unrestricted	<u>1,551,025.94</u>	<u>7,291,310.81</u>
TOTAL NET POSITION	<u>2,149,352.36</u>	<u>11,343,439.54</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u>\$ 3,981,912.62</u>	<u>23,162,080.96</u>

BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS			GOVERNMENTAL ACTIVITIES
DELINQUENT TAX REVOLVING	OTHER ENTERPRISE FUNDS	TOTAL PROPRIETARY FUNDS	INTERNAL SERVICE FUNDS
0.00	17,258.30	215,225.05	24,755.50
0.00	1,440.23	542,175.19	243,667.68
1,188.93	58,123.74	92,073.24	743.64
0.00	725.56	725.56	16,773.97
0.00	0.00	0.00	0.00
0.00	0.00	1,771,806.13	0.00
720.00	0.00	720.00	0.00
<u>1,908.93</u>	<u>77,547.83</u>	<u>2,622,725.17</u>	<u>285,940.79</u>
0.00	1,486.85	338,522.49	0.00
0.00	0.00	6,596,813.00	0.00
0.00	1,486.85	6,935,335.49	0.00
<u>1,908.93</u>	<u>79,034.68</u>	<u>9,558,060.66</u>	<u>285,940.79</u>
0.00	0.00	1,207,979.00	0.00
0.00	9,196.00	2,975,301.63	0.00
<u>0.00</u>	<u>9,196.00</u>	<u>4,183,280.63</u>	<u>0.00</u>
0.00	2,136,152.09	6,786,607.24	13,049.98
0.00	0.00	0.00	19,918,854.38
<u>5,887,898.72</u>	<u>2,828,910.87</u>	<u>17,559,146.34</u>	<u>508,657.20</u>
<u>5,887,898.72</u>	<u>4,965,062.96</u>	<u>24,345,753.58</u>	<u>20,440,561.56</u>
<u><u>5,889,807.65</u></u>	<u><u>5,053,293.64</u></u>	<u><u>38,087,094.87</u></u>	<u><u>20,726,502.35</u></u>

Mason County, Michigan
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2022

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS	
	PUBLIC WORKS	MEDICAL CARE FACILITY
OPERATING REVENUES		
Charges for services	\$ 182,904.18	10,013,594.59
Reimbursements	231,517.55	0.00
Rentals	0.00	0.00
Other		
Administrative fees and penalties	0.00	0.00
Miscellaneous	0.00	26,023.17
TOTAL OPERATING REVENUES	<u>414,421.73</u>	<u>10,039,617.76</u>
OPERATING EXPENSES		
Personal services and fringe benefits	0.00	10,199,336.64
Utilities and telephone	14,529.90	249,439.55
Contractual services	50,496.61	419,524.99
Repairs and maintenance	256.25	84,494.33
Depreciation	40,440.38	242,292.76
Other	233,586.78	2,389,879.72
TOTAL OPERATING EXPENSES	<u>339,309.92</u>	<u>13,584,967.99</u>
OPERATING INCOME (LOSS)	<u>75,111.81</u>	<u>(3,545,350.23)</u>
NONOPERATING REVENUES (EXPENSES)		
Property taxes	0.00	2,230,820.73
State and federal grants	0.00	0.00
Unrealized gain (loss) on investments	(39,127.40)	(385,259.06)
Interest and fees	(61,419.43)	0.00
Interest on investments	25,160.14	137,225.26
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(75,386.69)</u>	<u>1,982,786.93</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(274.88)</u>	<u>(1,562,563.30)</u>
TRANSFERS IN (OUT)		
Transfers in	0.00	0.00
CHANGE IN NET POSITION	(274.88)	(1,562,563.30)
NET POSITION, JANUARY 1	<u>2,149,627.24</u>	<u>12,906,002.84</u>
NET POSITION, DECEMBER 31	<u>\$ 2,149,352.36</u>	<u>11,343,439.54</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
242,445.38	782,958.18	11,221,902.33	104,703.33
949.98	17,112.58	249,580.11	0.00
0.00	37,691.61	37,691.61	21,697.41
111,001.15	0.00	111,001.15	0.00
0.00	50,710.70	76,733.87	1,485.97
<u>354,396.51</u>	<u>888,473.07</u>	<u>11,696,909.07</u>	<u>127,886.71</u>
0.00	209,709.47	10,409,046.11	18,582.10
0.00	52,270.99	316,240.44	88.42
5,374.00	75,558.89	550,954.49	111,453.43
0.00	71,234.58	155,985.16	29,516.54
0.00	121,807.47	404,540.61	4,299.98
8,427.14	277,056.87	2,908,950.51	41,007.97
<u>13,801.14</u>	<u>807,638.27</u>	<u>14,745,717.32</u>	<u>204,948.44</u>
<u>340,595.37</u>	<u>80,834.80</u>	<u>(3,048,808.25)</u>	<u>(77,061.73)</u>
0.00	0.00	2,230,820.73	0.00
0.00	13,000.00	13,000.00	0.00
(214,241.96)	(71,762.46)	(710,390.88)	(124,447.43)
0.00	0.00	(61,419.43)	0.00
52,887.93	37,553.95	252,827.28	404,086.57
<u>(161,354.03)</u>	<u>(21,208.51)</u>	<u>1,724,837.70</u>	<u>279,639.14</u>
<u>179,241.34</u>	<u>59,626.29</u>	<u>(1,323,970.55)</u>	<u>202,577.41</u>
0.00	226,778.00	226,778.00	791,950.00
179,241.34	286,404.29	(1,097,192.55)	994,527.41
<u>5,708,657.38</u>	<u>4,678,658.67</u>	<u>25,442,946.13</u>	<u>19,446,034.15</u>
<u><u>5,887,898.72</u></u>	<u><u>4,965,062.96</u></u>	<u><u>24,345,753.58</u></u>	<u><u>20,440,561.56</u></u>

Mason County, Michigan
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	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	(3,097,242.55)
Payments from customers	506,357.38	9,908,126.05
Payments to suppliers	(367,883.36)	(3,216,109.10)
Payments to employees	0.00	(6,408,289.43)
Other receipts (payments)	(35,424.45)	886,118.34
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	103,049.57	(1,927,396.69)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital acquisitions	(7,045.02)	(222,169.47)
Interest paid	(61,419.43)	0.00
Lease receivable	92,195.00	0.00
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	23,730.55	(222,169.47)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes	0.00	2,230,820.73
Operating grants	0.00	0.00
Advances (to) from other funds	(92,195.00)	0.00
Transfers in (out)	0.00	0.00
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	(92,195.00)	2,230,820.73
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase / maturity of investments	358,698.05	509,118.37
Unrealized gain (loss) on investments	(39,127.40)	(385,259.06)
Interest received	25,160.14	137,225.26
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	344,730.79	261,084.57
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	379,315.91	342,339.14
CASH AND CASH EQUIVALENTS, JANUARY 1	321,795.66	3,720,768.78
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 701,111.57	4,063,107.92

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
2,923,813.04	431,274.94	3,355,087.98	0.00
(2,642,049.41)	0.00	(2,642,049.41)	0.00
0.00	(68,006.98)	(3,165,249.53)	(1,190,813.60)
0.00	448,939.03	10,863,422.46	1,369,485.97
(13,786.03)	(481,135.75)	(4,078,914.24)	(130,787.36)
0.00	(147,884.05)	(6,556,173.48)	(16,547.29)
(3,517.43)	54,578.53	901,754.99	12,779,033.00
<u>264,460.17</u>	<u>237,765.72</u>	<u>(1,322,121.23)</u>	<u>12,810,370.72</u>
0.00	(37,277.20)	(266,491.69)	0.00
0.00	0.00	(61,419.43)	0.00
0.00	0.00	92,195.00	0.00
<u>0.00</u>	<u>(37,277.20)</u>	<u>(235,716.12)</u>	<u>0.00</u>
0.00	0.00	2,230,820.73	0.00
0.00	13,000.00	13,000.00	0.00
0.00	0.00	(92,195.00)	0.00
0.00	226,778.00	226,778.00	791,950.00
0.00	239,778.00	2,378,403.73	791,950.00
220,907.34	(79,414.92)	1,009,308.84	(14,514,673.51)
(214,241.96)	(71,762.46)	(710,390.88)	(124,447.43)
52,887.93	37,553.95	252,827.28	404,086.57
<u>59,553.31</u>	<u>(113,623.43)</u>	<u>551,745.24</u>	<u>(14,235,034.37)</u>
324,013.48	326,643.09	1,372,311.62	(632,713.65)
<u>65,318.15</u>	<u>1,321,216.80</u>	<u>5,429,099.39</u>	<u>2,011,396.29</u>
<u>389,331.63</u>	<u>1,647,859.89</u>	<u>6,801,411.01</u>	<u>1,378,682.64</u>

Mason County, Michigan
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2022

	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)	\$ 75,111.81	(3,545,350.23)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	40,440.38	242,292.76
Change in assets and liabilities:		
Decrease (Increase) in taxes receivable	0.00	(77,258.07)
Decrease (Increase) in accounts receivable	(1,911.43)	7,436.78
Decrease (Increase) in other receivables	437.35	(505.46)
Decrease (Increase) in due from other units	1,746.76	(115,038.59)
Decrease (Increase) due from other funds	0.00	0.00
Decrease (increase) in deposits	0.00	0.00
Decrease (Increase) in prepaid items	(1,719.90)	42,195.70
Decrease (Increase) in deferred outflows	0.00	(2,203,765.00)
Decrease (Increase) in inventories	0.00	0.00
Increase (decrease) due to other funds	0.00	0.00
Increase (Decrease) in accounts payable	(5,874.49)	(116,685.24)
Increase (Decrease) in other liabilities	(5,180.91)	3,839,280.66
Total adjustments	27,937.76	1,617,953.54
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	\$ 103,049.57	(1,927,396.69)

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>340,595.37</u>	<u>80,834.80</u>	<u>(3,048,808.25)</u>	<u>(77,061.73)</u>
0.00	121,807.47	404,540.61	4,299.98
(60,983.59)	0.00	(138,241.66)	0.00
0.00	1,547.92	7,073.27	0.00
(4,520.24)	(2,462.40)	(7,050.75)	(26,045.67)
(11,048.99)	(16,229.58)	(140,570.40)	0.04
0.00	0.00	0.00	(16,991.67)
0.00	0.00	0.00	12,811,954.52
(100.03)	559.62	40,935.39	19,185.01
0.00	0.00	(2,203,765.00)	0.00
0.00	(4,355.04)	(4,355.04)	0.00
0.00	(4,963.21)	(4,963.21)	16,773.97
(479.94)	(4,819.70)	(127,859.37)	24,181.32
<u>997.59</u>	<u>65,845.84</u>	<u>3,900,943.18</u>	<u>54,074.95</u>
<u>(76,135.20)</u>	<u>156,930.92</u>	<u>1,726,687.02</u>	<u>12,887,432.45</u>
<u>264,460.17</u>	<u>237,765.72</u>	<u>(1,322,121.23)</u>	<u>12,810,370.72</u>

Mason County, Michigan
Statement of Fiduciary Net Position
December 31, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,973,266.06
Investments	11,279,796.66
Accounts receivable	360,320.74
Pledges receivable	5,000.00
Interest receivable	27,980.18
Prepaid items	<u>2,260.26</u>
TOTAL ASSETS	<u>13,648,623.90</u>
LIABILITIES	
Accounts payable	177,387.41
Bonds payable	65,542.00
Restitution payable	17,879.66
Undistributed taxes	1,077,413.03
Due to other units	677.99
Other current liabilities	30,480.14
Due to State of Michigan	<u>138,560.84</u>
TOTAL LIABILITIES	<u>1,507,941.07</u>
NET POSITION	
Restricted	<u><u>\$ 12,140,682.83</u></u>

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

Mason County, Michigan
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2022

	<u>Custodial Funds</u>
ADDITIONS	
Collections for other governments	\$ 23,469,028.02
Interest and dividends	<u>(535,092.14)</u>
TOTAL ADDITIONS	22,933,935.88
DEDUCTIONS	
Disbursements to other governments	<u>23,444,856.87</u>
NET CHANGE IN FIDUCIARY NET POSITION	(510,920.99)
NET POSITION, BEGINNING OF THE YEAR	<u>12,651,603.82</u>
NET POSITION, END OF THE YEAR	<u><u>\$ 12,140,682.83</u></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, 2022

	DISTRICT LIBRARY	DRAIN
ASSETS		
Cash and cash equivalents	\$ 120,038.41	100,504.27
Investments	294,393.39	0.00
Receivables		
Accounts receivable	0.00	0.00
Taxes and special assessments	1,068,435.56	10,480.97
Interest receivable	0.18	74.97
Prepaid items	18,652.72	0.00
Due from other units	1,086.34	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)	1,907,422.76	312,205.03
TOTAL ASSETS	<u>3,410,029.36</u>	<u>423,265.24</u>
Deferred outflows of resources		
Pension Investment Experience and Contributions	466,806.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 3,876,835.36</u></u>	<u><u>423,265.24</u></u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
Current liabilities		
Accounts payable	\$ 23,373.62	100.00
Accrued liabilities	20,968.90	0.00
Due to employees	778.31	0.00
Advances from State	0.00	0.00
Due to other component units	0.00	44,123.30
Bond and installment lease payable - current	0.00	0.00
	<u>45,120.83</u>	<u>44,223.30</u>
Noncurrent liabilities		
Bond and installment lease payable - long-term	0.00	0.00
Net Pension liability	994,526.00	0.00
	<u>994,526.00</u>	<u>0.00</u>
TOTAL LIABILITIES	<u>1,039,646.83</u>	<u>44,223.30</u>
Deferred inflows of resources		
Deferred inflows	222,468.00	0.00
Unavailable tax revenue	1,068,435.56	10,480.97
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,290,903.56</u>	<u>10,480.97</u>
NET POSITION		
Net investment in capital assets	1,907,422.76	312,205.03
Restricted for		
OPEB	0.00	0.00
Primary/Local Roads	0.00	0.00
Unrestricted	(361,137.79)	56,355.94
TOTAL NET POSITION	<u>1,546,284.97</u>	<u>368,560.97</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	<u><u>\$ 3,876,835.36</u></u>	<u><u>423,265.24</u></u>

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

DRAIN REVOLVING	ROAD COMMISSION	LAKE IMPROVEMENT	TOTAL
118,167.94	1,424,502.00	386,974.61	2,150,187.23
15,660.34	0.00	216,482.22	526,535.95
0.00	1,592,266.00	0.00	1,592,266.00
0.00	0.00	255,005.68	1,333,922.21
38.40	0.00	1,616.43	1,729.98
0.00	44,609.00	0.00	63,261.72
0.00	0.00	0.00	1,086.34
44,123.30	0.00	0.00	44,123.30
0.00	833,220.00	0.00	833,220.00
0.00	183,402.00	0.00	183,402.00
0.00	56,184,386.00	0.00	58,404,013.79
<u>177,989.98</u>	<u>60,262,385.00</u>	<u>860,078.94</u>	<u>65,133,748.52</u>
<u>0.00</u>	<u>1,710,062.00</u>	<u>0.00</u>	<u>2,176,868.00</u>
<u><u>177,989.98</u></u>	<u><u>61,972,447.00</u></u>	<u><u>860,078.94</u></u>	<u><u>67,310,616.52</u></u>
0.00	99,801.00	0.00	123,274.62
0.00	126,471.00	0.00	147,439.90
0.00	0.00	0.00	778.31
0.00	324,977.00	0.00	324,977.00
0.00	0.00	0.00	44,123.30
0.00	395,344.00	0.00	395,344.00
<u>0.00</u>	<u>946,593.00</u>	<u>0.00</u>	<u>1,035,937.13</u>
0.00	1,561,795.00	0.00	1,561,795.00
<u>0.00</u>	<u>3,374,191.00</u>	<u>0.00</u>	<u>4,368,717.00</u>
<u>0.00</u>	<u>4,935,986.00</u>	<u>0.00</u>	<u>5,930,512.00</u>
<u>0.00</u>	<u>5,882,579.00</u>	<u>0.00</u>	<u>6,966,449.13</u>
0.00	94,175.00	0.00	316,643.00
<u>0.00</u>	<u>0.00</u>	<u>255,005.68</u>	<u>1,333,922.21</u>
<u>0.00</u>	<u>94,175.00</u>	<u>255,005.68</u>	<u>1,650,565.21</u>
0.00	54,425,437.00	0.00	56,645,064.79
0.00	128,811.00	0.00	128,811.00
0.00	1,441,445.00	0.00	1,441,445.00
<u>177,989.98</u>	<u>0.00</u>	<u>605,073.26</u>	<u>478,281.39</u>
<u>177,989.98</u>	<u>55,995,693.00</u>	<u>605,073.26</u>	<u>58,693,602.18</u>
<u><u>177,989.98</u></u>	<u><u>61,972,447.00</u></u>	<u><u>860,078.94</u></u>	<u><u>67,310,616.52</u></u>

Mason County, Michigan
Statement of Activities
Discretely Present Component Units
For the Year Ended December 31, 2022

		<u>PROGRAM REVENUES</u>
	EXPENSES	CHARGES FOR SERVICES
REVENUES		
Drainage districts	\$ 19,694.17	12,279.48
Lake Improvement district	222,222.72	298,501.26
District Library	1,419,707.10	99,744.72
Road Commission	<u>9,194,768.00</u>	<u>3,565,665.00</u>
TOTAL REVENUES	<u>\$ 10,856,391.99</u>	<u>3,976,190.46</u>

General revenues
Property taxes
Gain on sale of capital assets
Unrealized gain (loss) on investments
Miscellaneous
Unrestricted investment earnings

Total general revenues

Change in net position

Net position - January 1

Net position - December 31

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	(7,414.69)	0.00	0.00	(7,414.69)
0.00	0.00	76,278.54	0.00	0.00	76,278.54
28,492.14	0.00	0.00	0.00	(1,291,470.24)	(1,291,470.24)
<u>7,346,223.00</u>	<u>2,862,548.00</u>	<u>0.00</u>	<u>4,579,668.00</u>	<u>0.00</u>	<u>4,579,668.00</u>
<u>7,374,715.14</u>	<u>2,862,548.00</u>	<u>68,863.85</u>	<u>4,579,668.00</u>	<u>(1,291,470.24)</u>	<u>3,357,061.61</u>
		0.00	0.00	1,032,507.10	1,032,507.10
		0.00	143,009.00	0.00	143,009.00
		(2,059.48)	0.00	(6,765.40)	(8,824.88)
		10.73	31,208.00	82,238.66	113,457.39
		<u>10,195.38</u>	<u>16,647.00</u>	<u>8,098.46</u>	<u>34,940.84</u>
		<u>8,146.63</u>	<u>190,864.00</u>	<u>1,116,078.82</u>	<u>1,315,089.45</u>
		77,010.48	4,770,532.00	(175,391.42)	4,672,151.06
		<u>1,074,613.73</u>	<u>51,225,161.00</u>	<u>1,721,676.39</u>	<u>54,021,451.12</u>
		<u>\$ 1,151,624.21</u>	<u>55,995,693.00</u>	<u>1,546,284.97</u>	<u>58,693,602.18</u>

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 29,000 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. GAAP, 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 and Lake Improvement Funds - Each of the drainage or revolving drainage districts and lake improvement funds 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.

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.

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 considered major 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.

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 Fiduciary 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.

Fiduciary Funds

Custodial Funds - Custodial 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.

C. 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 capital 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

In the Road Commission discretely presented component unit the 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.

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 Items

Certain insurance premiums and other expenditures representing costs applicable to future periods are recorded as prepaid assets and charged as used. 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, 2022 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.

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.

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, 2022, the total accumulated vacation and sick pay liability was \$601,439.82 for governmental activities and \$338,522.49 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, 2022 amounted to \$198,190 and is included in other liabilities. 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, 2022 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.

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, 2022, 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)
Circuit Court	\$ 473,000.00	484,364.63	(11,364.63)
Courthouse Maintenance	150,000.00	163,859.75	(8,859.75)
Lakeshore Regional Partners	81,200.00	89,644.63	(8,444.63)
Veterans' Affairs Grant	50,000.00	50,183.19	(183.19)

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

	BUDGET	ACTUAL	VARIANCE (UNFAVORABLE)
Landfill Perpetual Care	\$ 71,900.00	93,779.40	(21,879.40)
Emergency Management Grants	30,250.00	52,852.36	(22,602.36)

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, 2022, 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
Equipment – Net	1,019,616.00	1,026,189.00	(6,573.00)

5. PROPERTY TAXES:

The 2022 property tax revenue includes property taxes levied principally on July 1, 2022 and substantially collected in 2022. The “2022 property taxes” became a lien on July 1, 2022, and were collected by December 1, 2022, 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, 2022 in the General Fund.

The total 2022 levy for the County was \$15,958,716.90, which was based upon the taxable value as of March 1, 2022 of \$2,159,764,633.00 at a millage rate of 7.3891. The component unit District Library received \$1,068,435.56 based on the same taxable value at a millage rate of 0.4947 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, 2022. These taxes, which are recorded in an Enterprise Fund at December 31, 2022, 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 2022:

General Operating	5.0967
Road Patrol	0.3000
Oakview Medical Care Facility	0.9715
Mason County Jail Operating	0.5800
Senior Citizen	0.2979
Mason/Oceana 911 Operating	0.1400
Soldier and Sailor Relief	<u>0.0030</u>
Total	<u>7.3891</u>

Component unit Mason County District Library Board levied 0.4947 mills in 2022.

6. LITIGATION:

There is no pending litigation against the County as of December 31, 2022.

7. NOTE RECEIVABLE FROM OTHER GOVERNMENTS - STATE :

The County entered into an agreement with the State of Michigan to provide office space for the Department of Human Services. The original agreement was for a fifteen-year period beginning on December 23, 1996. The Department of Human Services exercised their option to renew the agreement for ten additional years in 2021. The annual rental payments due from the State of Michigan according to the renewed agreement was \$40,231.68 payable in monthly installments of \$3,352.64. The terms of the receivable are that the State can cancel at any time so the agreement does not fall under an operating lease.

8. LONG-TERM ADVANCES:

The following are the interfund advances at December 31, 2022:

FUND	ADVANCES TO OTHER FUNDS	FUND	ADVANCES FROM OTHER FUNDS
General	\$ <u>1,771,806.13</u>	Public works	\$ <u>1,771,806.13</u>

9. CAPITAL ASSETS:

The following schedule summarizes the changes in capital assets for the year ending December 31, 2022:

Mason County, Michigan
Notes to Financial Statements
December 31, 2022

	Balance January 1, 2022	Additions	Deductions	Balance December 31, 2022
Governmental Activities				
Internal Service Funds				
Equipment and vehicles	\$ 82,274.81	0.00	0.00	82,274.81
Less: accumulated depreciation	<u>(64,924.85)</u>	<u>(4,299.98)</u>	<u>0.00</u>	<u>(69,224.83)</u>
Subtotal	<u>17,349.96</u>	<u>(4,299.98)</u>	<u>0.00</u>	<u>13,049.98</u>
Other governmental funds				
Capital assets not being depreciated				
Land	<u>223,802.00</u>	<u>0.00</u>	<u>0.00</u>	<u>223,802.00</u>
Capital assets being depreciated				
Buildings and improvements	17,948,840.28	431,949.00	0.00	18,380,789.28
Land improvements	797,871.59	0.00	0.00	797,871.59
Equipment and vehicles	<u>3,213,602.99</u>	<u>408,158.93</u>	<u>(52,169.43)</u>	<u>3,569,592.49</u>
Total capital assets being depreciated	21,960,314.86	840,107.93	(52,169.43)	22,748,253.36
Less: accumulated depreciation	<u>(12,075,645.95)</u>	<u>(915,499.74)</u>	<u>52,169.43</u>	<u>(12,938,976.26)</u>
Net capital assets being depreciated	<u>9,884,668.91</u>	<u>(75,391.81)</u>	<u>0.00</u>	<u>9,809,277.10</u>
Total	<u>\$10,125,820.87</u>	<u>(79,691.79)</u>	<u>0.00</u>	<u>10,046,129.08</u>
Business-Type Activities				
Capital assets not being depreciated				
Land	<u>\$ 662,703.65</u>	<u>0.00</u>	<u>0.00</u>	<u>662,703.65</u>
Capital assets being depreciated				
Buildings and improvements	9,688,187.62	68,890.75	0.00	9,757,078.37
Land improvements	2,667,824.69	13,581.40	0.00	2,681,406.09
Sewer system	960,519.60	0.00	0.00	960,519.60
Rural Development sewer project	455,208.46	0.00	0.00	455,208.46
Parks Commission sewer project	72,742.00	0.00	0.00	72,742.00
Parks Commission water project	44,750.00	0.00	0.00	44,750.00
Equipment and vehicles	<u>2,458,125.39</u>	<u>184,375.79</u>	<u>0.00</u>	<u>2,642,501.18</u>
Total capital assets being depreciated	16,347,357.76	266,847.94	0.00	16,614,205.70
Less: Accumulated Depreciation	<u>(10,085,405.25)</u>	<u>(404,896.86)</u>	<u>0.00</u>	<u>(10,490,302.11)</u>
Net capital assets being depreciated	<u>6,261,952.51</u>	<u>(138,048.92)</u>	<u>0.00</u>	<u>6,123,903.59</u>
Total	<u>\$ 6,924,656.16</u>	<u>(138,048.92)</u>	<u>0.00</u>	<u>6,786,607.24</u>

Mason County, Michigan
Notes to Financial Statements
December 31, 2022

	<u>Balance January 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2022</u>
<u>Component Unit – District Library:</u>				
Land– not being depreciated	\$ 16,800.00	0.00	0.00	16,800.00
Books	768,074.44	92,105.04	0.00	860,179.48
Building	<u>2,254,796.92</u>	<u>0.00</u>	<u>0.00</u>	<u>2,254,796.92</u>
Subtotal	3,039,671.36	92,105.04	0.00	3,131,776.40
Less: accumulated depreciation	<u>(1,071,461.07)</u>	<u>(152,892.57)</u>	<u>0.00</u>	<u>(1,224,353.64)</u>
Subtotal	<u>1,968,210.29</u>	<u>(60,787.53)</u>	<u>0.00</u>	<u>1,907,422.76</u>
<u>Component Unit – Drainage Districts:</u>				
Land – not being depreciated	9,800.00	0.00	0.00	9,800.00
Infrastructure	<u>2,409,319.44</u>	<u>0.00</u>	<u>0.00</u>	<u>2,409,319.44</u>
Subtotal	2,419,119.44	0.00	0.00	2,419,119.44
Less: accumulated depreciation	<u>(2,087,947.55)</u>	<u>(18,966.86)</u>	<u>0.00</u>	<u>(2,106,914.41)</u>
Subtotal	<u>331,171.89</u>	<u>(18,966.86)</u>	<u>0.00</u>	<u>312,205.03</u>
<u>Component Unit – Road Commission:</u>				
Capital assets not being depreciated				
Land and improvements	356,497.00	50,272.00	0.00	406,769.00
Construction in progress	15,460.00	0.00	15,460.00	0.00
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>22,531,216.00</u>	<u>50,272.00</u>	<u>15,460.00</u>	<u>22,566,028.00</u>
Capital assets being depreciated				
Land and improvements	5,539.00	81,950.00	0.00	87,489.00
Buildings	1,322,111.00	847,439.00	0.00	2,169,550.00
Equipment – Road	7,853,952.00	537,339.00	302,832.00	8,088,459.00
Equipment – Shop	81,054.00	14,205.00	0.00	95,259.00
Equipment – Office	109,231.00	989.00	0.00	110,220.00
Equipment – Engineering	118,910.00	0.00	0.00	118,910.00
Equipment – Yard and storage	144,989.00	0.00	0.00	144,989.00
Infrastructure – Bridges	11,718,115.00	2,237,713.00	0.00	13,955,828.00
Infrastructure – Roads	<u>34,874,422.00</u>	<u>5,221,855.00</u>	<u>0.00</u>	<u>40,096,277.00</u>
Total capital assets being depreciated	56,228,323.00	8,941,490.00	302,832.00	64,866,981.00
Less: accumulated depreciation	<u>(28,775,290.00)</u>	<u>(2,761,030.00)</u>	<u>(287,697.00)</u>	<u>(31,248,623.00)</u>
Net capital assets being depreciated	<u>27,453,033.00</u>	<u>6,180,460.00</u>	<u>(15,135.00)</u>	<u>33,618,358.00</u>
Net capital assets – Road Commission	<u>49,984,249.00</u>	<u>6,230,732.00</u>	<u>(30,595.00)</u>	<u>56,184,386.00</u>
Total Net Component Units	<u>\$52,283,631.18</u>	<u>6,150,977.61</u>	<u>(30,595.00)</u>	<u>58,404,013.79</u>

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

<u>Internal Service Funds</u>	\$ <u>4,299.98</u>
<u>Governmental Funds</u>	
Parks, recreation and cultural	124,253.02
Legislative	2,576.79
Judicial	22,187.25
General governmental administration	67,074.81
Public safety	609,570.38
Public works	10,111.18
Health and social services	<u>79,726.31</u>
	<u>915,499.74</u>
Total	\$ <u>919,799.72</u>

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, 2022, the carrying amount and bank balance for each type of deposit and investment is as follows:

	Book Balance	Bank Balance	FDIC Insured
Cash deposits	\$ 19,789,110.93	20,642,395.41	1,532,327.88
Investments	71,894,730.84	72,524,799.31	3,997,978.73
Imprest cash	<u>2,995.00</u>	<u>0.00</u>	<u>0.00</u>
	\$ <u>91,686,836.77</u>	<u>93,167,194.72</u>	<u>5,530,306.61</u>

Financial Statement Presentation:

	Cash And Cash Equivalents	Investments	Total
Governmental activities			
Business-type	\$ 8,867,241.63	45,446,524.91	54,313,766.54
activities	6,801,411.01	14,641,873.32	21,443,284.33
Fiduciary funds	1,973,266.06	11,279,796.66	13,253,062.72
Component units	<u>2,150,187.23</u>	<u>526,535.95</u>	<u>2,676,723.18</u>
	<u>\$ 19,792,105.93</u>	<u>71,894,730.84</u>	<u>91,686,836.77</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, 2022, the carrying amount of the County's deposits were \$19,789,110.93 and the bank balance was \$20,642,395.41, of which \$1,532,327.88 was covered by federal depository insurance. The remaining balance of \$19,110,067.53 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, 2022, the carrying amounts and market values for the investments were as follows:

Investment Type	Carrying Amount	Weighted Average Maturity	Rating
Insured or registered for which the securities are held by the County's agent in the County's name:			
Federal Home Loan Mortgage Corporation	\$ 11,839,167.90	4.0 Years	AAA
Other investments	48,971,986.94	4.0 Years	AAA
Municipal Bonds	<u>11,083,576.00</u>	4.0 Years	AAA
	<u>\$ 71,894,730.84</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, 2022, the County's investments were rated by Moody's as noted above.

Interest Rate Risk

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

Custodial Credit Risk

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

11. LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the primary government and component unit for the year ended December 31, 2022:

	Balance January 1, 2022	Additions (Deductions)	Balance December 31, 2022	Due Within One Year
Business Type Activities				
Accrued vacation and sick pay - Airport	\$ 998.40	488.45	1,486.85	
Accrued vacation and sick pay - Oakview	<u>328,716.86</u>	<u>8,318.78</u>	<u>337,035.64</u>	
Total Business-Type Activities	<u>\$ 329,715.26</u>	<u>8,807.23</u>	338,522.49	<u>0.00</u>
Less: amount payable within one year			(0.00)	
Long-Term Debt Business-Type Activities			<u>\$ 338,522.49</u>	
Governmental Activities Primary Government				
Accrued post closure landfill costs	\$ 409,064.00	(22,013.42)	387,050.58	0.00
Accrued vacation and sick pay	<u>582,463.69</u>	<u>18,976.13</u>	<u>601,439.82</u>	<u>0.00</u>
Total Primary Government	<u>\$ 991,527.69</u>	<u>(3,037.29)</u>	988,490.40	<u>0.00</u>
Less: amount payable within one year			(0.00)	
Long-Term Debt Primary Government			<u>\$ 988,490.40</u>	

Mason County, Michigan
Notes to Financial Statements
December 31, 2022

Component Units	Balance January 1, 2022	Additions (Deductions)	Balance December 31, 2022	Due Within One Year
Road Commission				
Installment purchase agreements	\$ 1,424,920.00	334,029.00	1,758,949.00	255,344.00
Compensated absences	<u>175,657.00</u>	<u>22,533.00</u>	<u>198,190.00</u>	<u>140,000.00</u>
Total	<u>\$1,600,577.00</u>	<u>356,562.00</u>	<u>1,957,139.00</u>	<u>395,344.00</u>

The following is a summary of Road Commission outstanding debt at December 31, 2022:

Installment purchase agreement payable to West Shore Bank, secured by equipment, due in annual installments of \$35,000, including interest at 1.60% through 2027.	\$ 175,000.00
Installment purchase agreement payable to West Shore Bank, secured by equipment, due in annual installments of \$28,571, including interest at 2.20% through 2027.	142,858.00
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.	154,970.00
Capital Lease Payable to Shelby State Bank, secured by equipment, due in annual installments of \$24,156, including interest at 3.59% through 2027.	120,688.00
Capital Lease Payable to Caterpillar Financial Services, Corp., secured by equipment, due in monthly installments of \$3,406, including interest at 3.59% through February 2025 and a \$105,000 balloon payment	184,990.00
Installment purchase agreement payable to Shelby State Bank, secured by equipment, due in annual installments of \$19,174, including interest at 1.88% through 2027.	95,693.00
Installment purchase agreement payable to Shelby State Bank, secured by equipment, due in annual installments of \$55,020, including interest at 1.45% through January 2029.	384,750.00
Installment purchase agreement payable to West Shore Bank, secured by equipment, due in annual installments of \$33,333, including interest at 3.80% through 2037.	<u>500,000.00</u>
Subtotal	1,758,949.00
Compensated absences	<u>198,190.00</u>
Total	<u>\$ 1,957,139.00</u>

The annual requirements to amortize all debt outstanding as of December 31, 2022, including interest payments are as follows:

Component Units		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Road Commission				
2023	\$	255,344.00	47,960.00	303,304.00
2024		361,213.00	40,477.00	401,690.00
2025		309,171.00	25,684.00	334,855.00
2026		195,256.00	20,942.00	216,198.00
2027		194,990.00	16,855.00	211,845.00
2028-2032		276,305.00	49,758.00	326,063.00
2033-2037		<u>166,670.00</u>	<u>16,044.00</u>	<u>182,714.00</u>
Total	\$	<u>1,758,949.00</u>	<u>217,720.00</u>	<u>1,976,669.00</u>

12. PRIOR PERIOD ADJUSTMENTS:

For the year ended December 31, 2022, the following prior period adjustments have resulted in Fund Balance/Net Position restatements.

Special Revenue Funds	
Record prior year expenditures incurred but not recorded	
Road Patrol	\$(9,897.60)
Special Revenue Funds	
Adjust for prior year revenues recorded but not earned	
Nonmajor Emergency Management Grants	\$(1,260.32)

13. TRANSFERS:

The following are the transfers for the year ended December 31, 2022:

FUND	TRANSFER IN	FUND	TRANSFER OUT
Road Patrol	\$ 2,191,475.00	General	\$ 8,356,531.00
Friend of the Court	570,000.00		
Landfill Post Closure	40,000.00		
Junk Ordinance Administration	6,700.00		
Indigent Defense	153,500.00		
Jail Operations	1,944,475.00		
Law Library	10,000.00		
Child Care	411,000.00		
Equipment Replacement	715,075.00		
Public Improvement	1,312,956.00		
Airport	214,800.00		
Self-Insurance Liability	45,000.00		
Self-Insurance Workers Comp.	10,000.00		
Health, Life, & Pension Insurance	<u>731,550.00</u>		
Subtotal	<u>8,356,531.00</u>	Subtotal	<u>8,356,531.00</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>82,500.00</u>	Road Patrol	<u>82,500.00</u>
Airport	<u>11,978.00</u>	Equipment Replacement	<u>11,978.00</u>
TOTAL	<u>\$ 8,550,259.00</u>		<u>\$ 8,550,259.00</u>

These transfers were made for cash flow purposes.

14. INTERFUND RECEIVABLES AND PAYABLES:

The following are the interfund receivables and payables at December 31, 2022:

Fund	Due From Other Funds	Fund	Due To Other Funds
Revolving Drain – Component Unit	\$ 44,123.30	Drain – Component Unit	\$ 44,123.30
Probate Child Care	1,615.73	General	1,615.73
Self-Insurance Health	16,773.97	Self-Insurance Liability	16,773.97
Self-Insurance Liability	<u>725.56</u>	Delinquent Tax Foreclosure	<u>725.56</u>
Total	<u>\$ 63,238.56</u>		<u>\$ 63,238.56</u>

The interfund receivables and payables were made for cash flow purposes. The \$725.56 of governmental interfund receivable and payable was eliminated in the government wide statement.

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 \$450,000.00 for each worker's compensation claim for general employees and \$600,000 for law enforcement employees. The Self-Insurance Liability and Property Fund provides coverage for a maximum aggregate annual retention of \$100,000.00 for general liability. The Medical Care Facility Fund is used to account for the worker's compensation claims of the County Medical Care Facility. The County, through its insurance service organization, Michigan Municipal Risk Management Authority, has reinsurance with umbrella coverage for liability and property damage of \$15,000,000.00. The reinsurance for Worker's Compensation is the statutory maximum. Settled claims have not exceeded the retention amount in any of the past three fiscal years.

The County appropriates funds from the General Fund to pay to the Worker's Compensation Insurance Fund and the Self-Insurance Liability Fund based on estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses in the Worker's Compensation Insurance Fund. The reserve was \$1,212,489.25 at December 31, 2022 and is reported as restricted of the Worker's Compensation Insurance Fund net position. The claims liability of \$29,751.00 reported in the Worker's Compensation Insurance Fund at December 31, 2022 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 2022 and 2021 were:

	2021	2022
Liability Balance January 1,	\$ 608.00	8,034.00
Claim payments	(38,830.59)	(20,007.25)
Changes in estimates	<u>46,256.59</u>	<u>41,724.25</u>
Liability Balance December 31,	<u>\$ 8,034.00</u>	<u>29,751.00</u>

The claims liability of \$183,024.12 reported in the Self-Insurance Liability Fund at December 31, 2022, 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 2022 and 2021 were:

	2021	2022
Liability Balance January 1,	\$ 89,604.00	152,089.22
Claim payments (net of reimbursement)	(73,938.17)	(27,210.42)
Changes in estimates	<u>136,423.39</u>	<u>58,145.32</u>
Liability Balance December 31,	<u>\$ 152,089.22</u>	<u>183,024.12</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, 2022 is as follows:

Member Retention Deposit	<u>\$ 2,111,620.62</u>
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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.

16. LANDFILL CLOSURE AND POST CLOSURE 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, 2022 was \$53,079.00. These amounts are based on estimates of the cost to perform all post closure care in 2022. 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, 2022 was \$333,971.58. These amounts are based on estimates of the cost to perform all the post closure care in 2022. 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, 2022, a balance of \$98,327.06 was held for this purpose. The County has assigned an additional \$2,419,308.77 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.

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, 2022 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.

18: 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 medical claims in the aggregate exceed \$1,108,046 per contract year. Benefit payments in excess of \$50,000 per contract or \$1,108,046 in aggregate are payable by Blue Cross Blue Shield of Michigan (BCBSM).

The County utilizes Blue Cross Blue Shield of Michigan (BCBSM) to administer benefits payable under this plan. Medical claim and prescription reimbursement payments to BCBSM including administrative fees and stop-loss insurance premiums totaled \$1,018,954 for the year ended December 31, 2022.

19. JOINTLY GOVERNED ORGANIZATIONS:

District Health Department No. 10

The Health Department is a joint venture as created under Public Act 368 of 1978 between ten (10) counties as detailed in the formation agreement between the counties and was established to provide public health services to the ten (10) participating regions. Each participating unit appoints two (2) of the twenty (20) members to the governing board. All ten (10) counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. Some of the treasury functions of the Health Department rest with the County Treasurer but, for the most part, the relationship is fiduciary in nature. As a result, in accordance with GASB Statement No. 61, the pooled cash and cash equivalents of the Health Department, that are a part of the County's pooled accounts at year-end, are reflected as a fiduciary fund in the financial statements. The financial activities of the Health Department are accounted for and reported separately from the participating units. For the year ended September 30, 2022, the County contributed \$186,519.00 to cover its share of operational costs. Separate audited financial statements for their year ended September 30, 2022, 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, 2022, 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 \$139,625.07

20. 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, 2022, the federal aid received and expended by the Road Commission was \$2,062,950 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.

21. 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 establishes a plan level trust in which all amounts deferred must be placed and held for the exclusive benefit of plan participants and their beneficiaries. As a result of this change, the plan assets are no longer subject to claims of the County's general creditors.

All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are for the exclusive benefit of the employee or their beneficiary.

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

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

22. 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 \$302,619.06 during the year ended December 31, 2022. The total number of eligible retirees amounted to 33 on December 31, 2022. The County pays 91.09% of these costs. There are provisions for employee contributions. The County has a liability of \$3,600,935.00 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 \$5,217,047.00 on December 31, 2022. The County of Mason met its Annual Required Contribution (ARC) requirements in 2022.

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.

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:

Mason County, Michigan
Notes to Financial Statements
December 31, 2022

	1% Decrease (5.0%)	Current Single Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB asset	\$ (1,350,596)	(1,616,112)	(1,856,816)

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 8.25 percent decreasing to 3.50 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	\$ (1,903,456)	(1,616,112)	(1,287,501)

Funding Progress

For the year ended December 31, 2022, the County has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2019. 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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) - (b)
Balances at 12/31/21	\$ 4,244,270	5,809,249	(1,564,979)
Changes for the Year			
Service cost	103,931		103,931
Interest on Total OPEB Liability	249,302		249,302
Changes in benefits	(165,328)		(165,328)
Changes in experience	(469,807)		(469,807)
Changes of assumptions	(79,012)		(79,012)
Employer Contributions		306,695	(306,695)
Net investment income		(606,890)	606,890
Benefit payments, including employee refunds	(282,421)	(282,421)	0
Administrative expense		(9,586)	9,586
Net changes	(643,335)	(592,202)	(51,133)
Balances as of 12/31/22	\$ 3,600,935	5,217,047	(1,616,112)

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	\$ 17,180	586,730
Changes in Assumptions	58,771	122,359
Investment Earnings (Gains)/Losses	826,979	30,610
Total	\$ 902,930	739,699

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:	
2023	\$ 38,398
2024	53,208
2025	74,112
2026	71,907
2027	(74,394)
Total	\$ <u>163,231</u>

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	3.00%
Salary increase	3.00%- 9.70% (including wage inflation)
Investment rate of return	6.00% (Net of OPEB investment expense)
Health care trend rate	8.25% (in the first year gradually decreasing to 3.50% in year 10)

Retirement age is based on an experience-based table of rates that are specific to the type of eligibility conditions. The marital status of members at the calculation date was assumed to continue throughout retirement. Life expectancies were based on the RP-2019 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, 2019, 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, 2022, was 12 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.

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, 2022, the rate of return on plan investments, net of plan investment expenses was (10.41)%.

Net OPEB Expense

The County's Net OPEB expense based on GASB Statement No. 75 was \$3,608 for the year ended December 31, 2022.

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

	County
Inactive Plan Members or beneficiaries currently receiving benefits	29
Inactive Plan Members entitled to but not yet receiving benefits	0
Active Plan Members	<u>54</u>
Total	<u><u>83</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 Road Commission will contribute based on the required amounts determined by the actuarial valuation. 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.

Participants Covered by the Benefit Terms

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

Active members	39
Inactive members	0
Retirees and beneficiaries	<u>5</u>
Total participants	<u><u>44</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 \$15,690 and made and no advance funding contribution. The postemployment healthcare benefits were paid from and recorded as expenditures in the General Operating / Road Fund. The Plan also reimbursed the Road Commission \$19,442 for retiree healthcare benefits that were paid by the General Operating/Road Fund in 2021.

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, 2022. The December 31, 2022 total OPEB asset was determined by and 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:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Asset</u>
Balances at December 31, 2021	\$ <u>74,437</u>	<u>304,143</u>	(<u>229,706</u>)
Service cost	9,842	-	9,842
Interest	5,222	-	5,222
Experience (gains)/losses	9,392	-	9,392
Change in actuarial assumptions	1,002	-	1,002
Contributions to OPEB trust	-	-	-
Contributions/benefit paid from general operating funds	-	10,752	(10,752)
Net investment income	-	(31,114)	31,114
Benefit payments including refunds of employee Contributions	(26,442)	(26,442)	-
Administrative expense	-	(484)	484
Other changes	<u>-</u>	<u>-</u>	<u>-</u>
Net changes	(<u>984</u>)	(<u>47,288</u>)	<u>46,304</u>
Balances as December 31, 2022	\$ <u><u>73,453</u></u>	<u><u>256,855</u></u>	(<u><u>183,402</u></u>)

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

During the year the Road Commission recognized a negative OPEB expense of (\$28,063). 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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Experience (Gains)/Losses	\$ 20,979	34,277
Changes in Assumptions	1,559	59,898
Investment Earnings (Gains)/Losses	<u>17,046</u>	<u>-</u>
Total	\$ <u><u>39,584</u></u>	<u><u>94,175</u></u>

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:	
2023	\$(14,052)
2024	(15,524)
2025	(7,680)
2026	(4,002)
2027	(14,576)
Thereafter	<u>1,243</u>
	<u>\$(54,591)</u>

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of December 31, 2022 and the following actuarial assumptions, applies to all periods included in the measurement:

Salary Increases	3.00%
Investment rate of return	7.00% including inflation
20 year Aa municipal bond rate	4.31%
Mortality RP-2014 adjusted to 2006 Total Data Set, with MP-2021 mortality improvement scale.	

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00%. Although the plan is currently will funded and able to make benefit payments from the trust, benefit payments for 2022 were still paid from general operating funds. Based on this assumption, the retirement Plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. There is no cross-over point or depletion date, therefore, the long-term expected rate of return was used to discount the projected benefits. 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, 2022 are summarized below. The sum of each target allocation times its long-term expected real rate is 7.00%.

Expected Asset Class	Target Allocation	Long-Term Real Rate of Return
Global equity	60%	4.50%
Global fixed income	20%	2.00%
Private assets	20%	7.00%

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 7.00%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	<u>1% Decrease</u>	<u>Discount Current Rate</u>	<u>1% Increase</u>
Net OPEB Liability (Asset)	<u>\$(180,412)</u>	<u>(183,402)</u>	<u>(186,205)</u>

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.

23. 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, 2022 valuation date, the following employees were covered by the benefit terms:

	County	Library
Inactive employees or beneficiaries currently receiving benefits	224	12
Inactive employees entitled to but not yet receiving benefits	36	2
Active employees	<u>110</u>	<u>12</u>
Total	<u>370</u>	<u>26</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 6.32% to 36.54% based on annual payroll for open divisions.

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2022.

Actuarial Assumptions

The total pension liability in the December 31, 2022 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: 7.00%, 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%	5.25%
Global Fixed Income	20.0%	1.25%
Private Investments	20.0%	7.25%

Discount Rate

The discount rate used to measure the total pension liability is 7.25% in 2022 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 12/31/21	<u>\$71,741,925</u>	<u>58,743,331</u>	<u>12,998,594</u>
Changes for the Year			
Service cost	884,906	-	884,906
Interest on Total Pension Liability	5,076,135	-	5,076,135
Changes in experience	(187,217)	-	(187,217)
Changes in assumptions	2,723,446	-	2,723,446
Employer Contributions	-	4,494,934	(4,494,934)
Net investment income	-	(6,076,751)	6,076,751
Benefit payments, including employee refunds	(4,337,452)	(4,337,452)	-
Other Changes	140,804	-	140,804
Administrative expense	<u>-</u>	<u>(108,862)</u>	<u>108,862</u>
Net changes	<u>4,300,622</u>	<u>(6,028,131)</u>	<u>10,328,753</u>
Balances as of 12/31/22	<u>\$76,042,547</u>	<u>52,715,200</u>	<u>23,327,347</u>

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

	Sensitivity to Changes in Discount Rate		
	1% Decrease 6.25%	Current Discount Rate (7.25%)	1% Increase 8.25%
Net Pension Liability at 12/31/22	<u>\$32,114,749</u>	<u>23,327,347</u>	<u>15,961,781</u>

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

For the year ended December 31, 2022, the employer recognized pension expense of \$6,363,739.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Investment Earnings (Gains)/Losses	\$ 8,152,389	3,499,528
Experience (Gains)/Losses	225,466	124,812
Changes in Assumptions	<u>2,984,680</u>	<u>-</u>
Total	<u>\$11,362,535</u>	<u>3,624,340</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, 2022. 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	
2023	\$ 2,633,466
2024	1,703,236
2025	1,363,396
2026	<u>2,038,097</u>
	<u>\$ 7,738,195</u>

Calculating Net Pension Liability for Mason County District Library

Changes in Net Pension Liability	Increase (Decrease)		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a) - (b)
Balances at 12/31/21	<u>\$ 2,959,989</u>	<u>2,356,492</u>	<u>603,497</u>
Changes for the Year			
Service cost	48,685	-	48,685
Interest on Total Pension Liability	210,046	-	210,046
Changes in experience	(129,466)	-	(129,466)
Changes in assumptions	107,016	-	107,016
Employer Contributions	-	115,775	(115,775)
Net investment income	-	(245,112)	245,112
Benefit payments, including employee refunds	(170,293)	(170,293)	-
Other Changes	21,082	-	21,082
Administrative expense	<u>-</u>	<u>(4,329)</u>	<u>4,329</u>
Net changes	<u>87,070</u>	<u>(303,959)</u>	<u>391,029</u>
Balances as of 12/31/22	<u>\$ 3,047,059</u>	<u>2,052,533</u>	<u>994,526</u>

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

Sensitivity to Changes in Discount Rate			
	1% Decrease 6.25%	Current Discount Rate (7.25%)	1% Increase 8.25%
Net Pension Liability at 12/31/22	\$ <u>1,338,832</u>	<u>994,526</u>	<u>704,856</u>

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

For the year ended December 31, 2022, the employer recognized pension expense of \$291,686.

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

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Investment Earnings (Gains)/Losses	\$ 326,405	136,158
Experience (Gains)/Losses	20,693	86,310
Changes in Assumptions	<u>119,708</u>	<u>-</u>
Total	\$ <u>466,806</u>	<u>222,468</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, 2022. 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	
2023	\$ 78,559
2024	28,850
2025	55,328
2026	<u>81,601</u>
	\$ <u>244,338</u>

Pension Plan Fiduciary Net Position

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

Road Commission

Plan Description

The Mason County Road Commission participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System (MERS) that covers all full-time employees of the Road Commission. MERS was established as a State-wide public employee pension plan by the Michigan Legislature under Public Act 135 of 1945 and is 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 or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided

The Plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

01 – Union: Open Division

Retirement benefits are calculated at 2.00% of the employee's 5-year average salary times he employee's years of service (no maximum). Normal retirement age is 60 with early retirement at 55 with 30 years of service (unreduced), 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years.

10 – Staff: Open Division

Retirement benefits are calculated at 2.00% of the employee's 5-year average salary times he employee's years of service (no maximum). Normal retirement age is 60 with early retirement at 55 with 25 years of service (unreduced), 50 with 25 years of service (reduced) or 55 with 15 years of service (reduced). The vesting period is 10 years. Benefit terms for current retirees also provide for annual cost-of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date of 2.5% (non-compound).

Employees covered by benefit terms: At the December 31, 2022 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	6
Active employees	<u>39</u>
 TOTAL	 <u>83</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, 2022, the Road Commission's actuarially determined contribution was 20.70 % of covered payroll for employees in the Union Division and 29.72% of covered payroll for employees in the Staff Division. Employees are not required to contribute to the plan, regardless of the group. During the year, the Road Commission made additional voluntary monthly contributions of \$26,000 for the Union Division (\$312,000 annually) and \$14,000 for the Staff Division (\$168,000 annually).

Net Pension Liability

The Road Commission's Net Pension Liability was measured as of December 31, 2022, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of December 31, 2022.

Actuarial Assumptions

The total pension liability in the December 31, 2022 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation 2.5%. Salary increases: 3.00% average in the long-term. Investment rate of return: 7.00%, net of investment expense, including inflation.

Mortality rates used were based on the 2014 Group Annuity Mortality Table of a 50% Male and a 50% Female blend for non-disabled plan members and 50% Male and a 50% Female blend of 2014 Disabled Retiree Mortality Table for disabled plan members. The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2015 that covers 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	60.0%	5.25%
Global Fixed Income	20.0%	1.25%
Private investments	20.0%	7.25%

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. 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.

Project Cash Flows

Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees.

Therefore, the long-term, expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Calculating Net Pension Liability for the Mason County Road Commission.

Changes in Net Pension Liability	Increase (Decrease)		
	TOTAL PENSION LIABILITY (a)	PLAN FIDUCIARY NET POSITION (b)	NET PENSION LIABILITY (a) - (b)
Balances at 12/31/21	<u>\$ 9,644,862</u>	<u>7,988,715</u>	<u>1,656,147</u>
Changes for the Year			
Service cost	192,429	-	192,429
Interest on Total Pension Liability	681,204	-	681,204
Difference between expected and actual experience	651,127	-	651,127
Changes in assumptions	369,530	-	369,530
Employer Contributions	-	1,025,786	(1,025,786)
Net investment income	-	(827,163)	827,163
Benefit payments, including employee refunds	(690,313)	(690,313)	-
Other Changes	7,290	-	7,290
Administrative expense	<u>-</u>	<u>(15,087)</u>	<u>15,087</u>
Net changes	<u>1,211,267</u>	<u>(,506,777)</u>	<u>1,718,044</u>
Balances as of 12/31/22	<u>\$10,856,129</u>	<u>7,481,938</u>	<u>3,374,191</u>

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

The following presents the Net Pension Liability of the employer, calculated using the discount rate of 7.25%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (6.25%) or 1% higher (8.25%) than the current rate.

Sensitivity to Changes in Discount Rate

	1% Decrease 6.25%	Current Discount Rate (7.25%)	1% Increase 8.25%
Net Pension Liability at 12/31/22	\$4,560,779	3,374,191	2,372,919

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, 2022, the employer recognized pension expense of \$(528,398). 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	\$ 576,866	-
Changes in assumption	419,136	-
Net difference between projected and actual earnings on pension plan investments	<u>674,478</u>	<u>-</u>
Total	<u>\$ 1,670,478</u>	<u>-</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, 2022. 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>
2023	\$ 494,103
2024	446,999
2025	445,785
2026	<u>283,591</u>
Total	\$ <u>1,670,478</u>

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

State equipment purchase advance is determined by a formula applied to the book value of equipment of the previous fiscal year. This amount is adjusted each fiscal year in accordance with the formula, and would be refunded to the State Department of Transportation upon termination of the State Highway Maintenance contract. Equipment advance monies for fiscal year 2022 amounted to \$324,977.00.

25. FUND BALANCE DEFICIT:

At December 31, 2022, the County did not have any funds with a deficit fund balance.

26. DEFERRED INFLOWS:

The Deferred Inflows recorded by the County of Mason reflects property taxes that were levied in December, 2022, and recorded as property tax receivable and deferred inflows at December 31, 2022 in various Special Revenue Funds and Enterprise Funds.

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.

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	\$ 95,055.37	22,908.92	0.00	31,499.64	7,561.11
Long-term advance to enterprise fund	1,771,806.13	0.00	0.00	0.00	0.00
Restricted for					
Landfill perpetual care	0.00	0.00	0.00	0.00	98,327.06
Road Patrol	0.00	832,924.37	0.00	0.00	0.00
Senior citizens	0.00	0.00	0.00	0.00	423,332.46
Jail operations	0.00	0.00	0.00	1,528,969.37	0.00
Building department	0.00	0.00	0.00	0.00	466,341.99
Economic development	0.00	0.00	0.00	0.00	415,338.21
Other	0.00	0.00	0.00	0.00	706,885.69
Committed for					
Loss of revenue sharing	2,718,133.74	0.00	0.00	0.00	0.00
Budget stabilization	1,913,214.07	0.00	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00	2,419,308.77
Other	0.00	0.00	0.00	0.00	1,636,359.13
Assigned for					
Animal control	5,567.72	0.00	0.00	0.00	0.00
Employee benefits	708,078.61	0.00	0.00	0.00	0.00
Public improvement	0.00	0.00	8,515,136.03	0.00	0.00
Jail construction	0.00	0.00	0.00	0.00	459,054.10
Equipment replacement	0.00	0.00	0.00	0.00	3,677,264.23
Unassigned	8,753,341.45	0.00	0.00	0.00	0.00

29. TAX ABATEMENTS:

The County received reduced property tax revenues during 2022 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 2022 County tax revenues as follows:

<u>Fund</u>	<u>Amount</u>
GeneralFund	\$24,342.72
Soldiers and Sailors Fund	14.33
Jail Operations	2,770.18
Medical Care Facility	4,640.05
Senior Citizens	1,422.82
Road Patrol	1,432.85
911	<u>668.66</u>
Total	<u>\$35,291.61</u>

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, and amended. Under this act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements reduced 2022 County tax revenues as follows:

<u>Fund</u>	<u>Amount</u>
GeneralFund	\$129,584.92
Soldiers and Sailors Fund	76.28
Jail Operations	14,746.65
Medical Care Facility	24,700.64
Senior Citizens	7,574.18
Road Patrol	7,627.58
911	<u>3,559.54</u>
Total	<u>\$187,869.79</u>

30. 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, 2022:

- Federal Home Loans of \$11,839,167.90 are valued using quoted market prices (Level 2 inputs).
- Other Investments of \$48,971,986.94 are value using quoted market prices (Level 2 inputs).
- Municipal bonds of \$11,083,576.00 are valued using quoted market prices (Level 2 inputs).

The County has the following recurring fair value measurements as of December 31, 2022:

Assets And Liabilities Measured At Fair Value On A Recurring Basis

	Fair Value Measurement Using		
Balance December 31, 2022	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
\$ <u>71,894,730.84</u>	<u>-</u>	<u>71,894,730.84</u>	<u>-</u>

REQUIRED SUPPLEMENTARY INFORMATION

Mason County, Michigan
Major Governmental Funds - General and Special Revenue
Statement of Revenues, Expenditures, and Changes
In Fund Balance - Budget and Actual
For the Year Ended December 31, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>General Fund</u>				
REVENUES				
Taxes	\$ 11,532,100.00	12,484,875.00	12,520,374.98	35,499.98
Permits and regulatory licenses	82,325.00	85,350.00	87,090.00	1,740.00
Intergovernmental				
Federal/State	2,004,475.00	2,142,600.00	7,825,699.72	5,683,099.72
Charges for services	804,600.00	801,425.00	805,803.89	4,378.89
Fines and forfeitures	3,700.00	4,150.00	4,475.00	325.00
Interest and rents	117,000.00	212,500.00	368,596.28	156,096.28
Unrealized loss on investments	0.00	0.00	(592,017.49)	(592,017.49)
Miscellaneous	323,975.00	383,750.00	402,682.93	18,932.93
	<u>14,868,175.00</u>	<u>16,114,650.00</u>	<u>21,422,705.31</u>	<u>5,308,055.31</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Legislative	498,475.00	483,575.00	473,730.34	9,844.66
Judicial	2,012,750.00	1,980,850.00	1,970,001.74	10,848.26
General government administration	3,970,275.00	3,598,300.00	3,571,770.42	26,529.58
Public safety	1,074,800.00	904,325.00	879,189.22	25,135.78
Public works	62,100.00	38,000.00	34,609.17	3,390.83
Health and social services	724,869.00	666,469.00	655,917.31	10,551.69
Parks, recreation, and cultural	8,000.00	30,725.00	29,588.24	1,136.76
Miscellaneous	119,475.00	54,425.00	53,925.32	499.68
	<u>8,470,744.00</u>	<u>7,756,669.00</u>	<u>7,668,731.76</u>	<u>87,937.24</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,397,431.00</u>	<u>8,357,981.00</u>	<u>13,753,973.55</u>	<u>5,395,992.55</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	143,525.00	0.00	0.00	0.00
Transfers out	<u>(6,540,256.00)</u>	<u>(8,356,531.00)</u>	<u>(8,356,531.00)</u>	<u>0.00</u>
	<u>(6,396,731.00)</u>	<u>(8,356,531.00)</u>	<u>(8,356,531.00)</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)				
CHANGE IN FUND BALANCE	700.00	1,450.00	5,397,442.55	\$ <u><u>5,395,992.55</u></u>
FUND BALANCE, JANUARY 1	<u>10,567,754.54</u>	<u>10,567,754.54</u>	<u>10,567,754.54</u>	
FUND BALANCE, DECEMBER 31	\$ <u><u>10,568,454.54</u></u>	<u><u>10,569,204.54</u></u>	<u><u>15,965,197.09</u></u>	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Jail Operations</u>				
REVENUES				
Property taxes	\$ 1,265,550.00	1,265,125.00	1,266,402.95	1,277.95
Charges for services	129,375.00	145,050.00	151,274.98	6,224.98
Interest and rental	20,000.00	29,775.00	31,498.88	1,723.88
Other	600.00	3,975.00	3,979.15	4.15
Unrealized loss on investments	<u>0.00</u>	<u>0.00</u>	<u>(131,877.47)</u>	<u>(131,877.47)</u>
TOTAL REVENUES	<u>1,415,525.00</u>	<u>1,443,925.00</u>	<u>1,321,278.49</u>	<u>(122,646.51)</u>
EXPENDITURES				
Public Safety	<u>3,260,750.00</u>	<u>3,289,150.00</u>	<u>3,166,576.04</u>	<u>122,573.96</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,845,225.00)</u>	<u>(1,845,225.00)</u>	<u>(1,845,297.55)</u>	<u>(72.55)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	1,944,475.00	1,944,475.00	1,944,475.00	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>1,845,225.00</u>	<u>1,845,225.00</u>	<u>1,845,225.00</u>	<u>0.00</u>
CHANGE IN FUND BALANCE	0.00	0.00	(72.55)	\$ <u><u>(72.55)</u></u>
FUND BALANCE, JANUARY 1	<u>1,560,541.56</u>	<u>1,560,541.56</u>	<u>1,560,541.56</u>	
FUND BALANCE, DECEMBER 31	\$ <u><u>1,560,541.56</u></u>	<u><u>1,560,541.56</u></u>	<u><u>1,560,469.01</u></u>	

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, 2022

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<u>Road Patrol</u>				
REVENUES				
Taxes	\$ 624,425.00	654,250.00	654,988.46	738.46
State Grants	50,125.00	58,250.00	97,806.98	39,556.98
Charges for services	4,950.00	6,925.00	6,934.50	9.50
Unrealized loss on investments	-	-	(27,097.54)	(27,097.54)
Interest and rental	4,050.00	7,025.00	10,172.64	3,147.64
Other	0.00	7,725.00	11,741.35	4,016.35
	<u>683,550.00</u>	<u>734,175.00</u>	<u>754,546.39</u>	<u>20,371.39</u>
TOTAL REVENUES				
EXPENDITURES				
Public Safety	<u>2,784,500.00</u>	<u>2,952,775.00</u>	<u>2,891,531.78</u>	<u>61,243.22</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,100,950.00)</u>	<u>(2,218,600.00)</u>	<u>(2,136,985.39)</u>	<u>81,614.61</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	2,183,450.00	2,191,475.00	2,191,475.00	0.00
Operating transfers out	<u>(82,500.00)</u>	<u>(82,500.00)</u>	<u>(82,500.00)</u>	<u>0.00</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,100,950.00</u>	<u>2,108,975.00</u>	<u>2,108,975.00</u>	<u>0.00</u>
CHANGE IN FUND BALANCE	0.00	(109,625.00)	(28,010.39)	81,614.61
FUND BALANCE, JANUARY 1	<u>893,741.28</u>	<u>893,741.28</u>	<u>893,741.28</u>	\$ <u>0.00</u>
PRIOR PERIOD ADJUSTMENTS	<u>0.00</u>	<u>0.00</u>	<u>(9,897.60)</u>	
FUND BALANCE, DECEMBER 31	\$ <u>893,741.28</u>	<u>784,116.28</u>	<u>855,833.29</u>	

Mason County, Michigan
Required Supplemental Information
Schedule of Changes in the County
Net Pension Liability and Related Ratios
Last Eight Fiscal Years

	2022	2021	2020
TOTAL PENSION LIABILITY			
Service cost	\$ 884,906	822,919	812,974
Interest	5,076,135	4,889,681	4,626,655
Benefit payments, including refunds	(4,337,452)	(4,156,391)	(3,848,919)
Other Changes	140,804	(2,478)	223,187
Changes in experience	(187,217)	676,399	(90,891)
Changes in assumptions	2,723,446	3,507,149	1,886,631
NET CHANGE IN TOTAL PENSION LIABILITY	4,300,622	5,737,279	3,609,637
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	71,741,925	66,004,646	62,395,009
TOTAL PENSION LIABILITY - END OF YEAR	<u>\$ 76,042,547</u>	<u>71,741,925</u>	<u>66,004,646</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 4,494,934	4,087,917	3,394,345
Net investment income	(6,076,751)	7,289,757	6,013,667
Benefit payments, including refunds	(4,337,452)	(4,156,391)	(3,848,919)
Administrative expenses	(108,862)	(83,605)	(93,513)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(6,028,131)	7,137,678	5,465,580
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	58,743,331	51,605,653	46,140,073
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 52,715,200</u>	<u>58,743,331</u>	<u>51,605,653</u>
COUNTY'S NET PENSION LIABILITY - ENDING	<u>\$ 23,327,347</u>	<u>12,998,594</u>	<u>14,398,993</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	69.32%	81.88%	78%
COVERED PAYROLL	<u>\$ 5,708,570</u>	<u>5,708,570</u>	<u>5,719,234</u>
NET PENSION LIABILITY AS A % OF COVERED PAYROLL	408.64%	227.70%	252%

2019	2018	2017	2016	2015
799,372	802,461	811,431	758,736	744,392
4,704,620	4,583,410	4,454,477	3,992,329	3,954,611
(3,633,308)	(3,328,956)	(3,032,275)	(2,785,846)	(2,575,225)
(71,967)	(46,420)	(154,030)	39,771	(56,203)
371,574	(341,644)	(315,116)	818,706	-
-	-	-	3,050,011	-
2,170,291	1,668,851	1,764,487	5,873,707	2,067,575
60,224,718	58,555,867	56,791,380	50,917,673	48,850,098
62,395,009	60,224,718	58,555,867	56,791,380	50,917,673
2,961,219	2,774,978	2,300,547	2,367,247	1,646,746
5,595,726	(1,706,528)	5,181,500	4,048,534	(556,076)
(3,633,308)	(3,328,956)	(3,032,275)	(2,785,846)	(2,575,225)
(96,416)	(84,509)	(82,017)	(79,910)	(81,291)
4,827,221	(2,345,015)	4,367,755	3,550,025	(1,565,846)
41,312,852	43,657,867	39,290,112	35,740,087	37,305,933
46,140,073	41,312,852	43,657,867	39,290,112	35,740,087
16,254,936	18,911,866	14,898,000	17,501,268	15,177,586
74%	69%	75%	69%	70%
5,691,053	5,508,706	5,530,342	5,613,079	5,770,891
286%	343%	269%	312%	263%

Mason County, Michigan
Required Supplemental Information - Schedule of Contributions
Last Ten Fiscal Years

	2022	2021	2020	2019
Actuarially determined contribution	\$ 3,549,933	3,140,322	2,687,473	2,282,445
Contributions in relation to the actuarially determined contribution	<u>4,494,933</u>	<u>4,028,358</u>	<u>3,394,344</u>	<u>2,961,219</u>
CONTRIBUTION EXCESS	<u>\$ (945,000)</u>	<u>(888,036)</u>	<u>(706,871)</u>	<u>(678,774)</u>
COVERED PAYROLL	\$ 6,056,588	5,708,570	5,719,234	5,691,053
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	74.22%	70.57%	59.35%	52.03%

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.
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Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	19 years
Asset valuation method	5-year smoothed
Inflation	2.50%
Salary increases	4.50%
Investment rate of return	8%
Retirement age	60
Mortality	50% Female/50% Male 2014 Group Annuity Mortality Table
Other information	None

2018	2017	2016	2015	2014	2013
1,971,858	1,827,570	1,556,342	1,448,602	1,363,117	1,379,864
<u>2,774,978</u>	<u>2,300,547</u>	<u>2,367,247</u>	<u>1,646,746</u>	<u>1,538,117</u>	<u>1,442,264</u>
<u>(803,120)</u>	<u>(472,977)</u>	<u>(810,905)</u>	<u>(198,144)</u>	<u>(175,000)</u>	<u>(62,400)</u>
5,508,706	5,530,342	5,613,079	5,770,891	5,730,313	5,833,397
50.37%	41.60%	42.17%	28.54%	26.84%	24.72%

Mason County, Michigan
Road Commission
Schedule of Changes in the
Net Pension Liability and Related Ratios
Last Eight Fiscal Years

	2022	2021	2020	2019
TOTAL PENSION LIABILITY				
Service cost	\$ 192,429	180,422	166,933	162,474
Interest	681,204	655,950	661,366	633,665
Benefit payments, including refunds	(690,313)	(629,287)	(574,537)	(463,754)
Other Changes	7,290	39,212	1,521	(6,264)
Differences between expected and actual experience	651,127	91,049	171,982	73,305
Changes in assumptions	369,530	158,588	250,783	-
NET CHANGE IN TOTAL PENSION LIABILITY	1,211,267	495,934	678,048	399,426
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	9,644,862	9,148,928	8,470,880	8,071,454
TOTAL PENSION LIABILITY - END OF YEAR	<u>\$ 10,856,129</u>	<u>9,644,862</u>	<u>9,148,928</u>	<u>8,470,880</u>
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 1,025,786	844,180	626,006	592,550
Net investment income	(827,163)	973,008	786,463	710,324
Benefit payments, including refunds	(690,313)	(629,287)	(574,537)	(463,754)
Other expense	-	-	-	-
Administrative expenses	(15,087)	(11,149)	(12,156)	(12,253)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(506,777)	1,176,752	825,776	826,867
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	7,988,715	6,811,963	5,986,187	5,159,320
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 7,481,938</u>	<u>7,988,715</u>	<u>6,811,963</u>	<u>5,986,187</u>
COUNTY'S NET PENSION LIABILITY - ENDING	<u>\$ 3,374,191</u>	<u>1,656,147</u>	<u>2,336,965</u>	<u>2,484,693</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	68.92%	82.83%	74.46%	70.67%
COVERED EMPLOYEE PAYROLL	<u>\$ 2,094,921</u>	<u>1,947,073</u>	<u>1,808,066</u>	<u>1,768,083</u>
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED -EMPLOYEE PAYROLL	161.07%	85.06%	129.25%	140.53%

2018	2017	2016	2015
152,624	143,552	134,411	145,384
640,651	612,520	605,095	576,243
(374,857)	(367,230)	(352,484)	(336,472)
(24,686)	(48,544)	(39,185)	(21,937)
-	10,624	(360,537)	-
(441,536)	-	337,511	-
(47,804)	350,922	324,811	363,218
8,119,258	7,768,336	7,443,525	7,080,307
8,071,454	8,119,258	7,768,336	7,443,525
347,363	301,961	290,143	252,898
(213,430)	639,846	501,752	(68,546)
(374,857)	(367,230)	(352,484)	(336,472)
-	-	1	(1)
(10,527)	(10,126)	(9,902)	(10,009)
(251,451)	564,451	429,510	(162,130)
5,410,771	4,846,320	4,416,810	4,578,940
5,159,320	5,410,771	4,846,320	4,416,810
2,912,134	2,708,487	2,922,016	3,026,715
63.92%	66.64%	62.39%	59.34%
1,616,727	1,536,826	1,458,502	1,575,702
180.13%	176.24%	200.34%	192.09%

Mason County, Michigan
Road Commission
Required Supplemental Information - Schedule of Contributions
Last Eight Fiscal Years

	2022	2021	2020	2019
ACTUARIALLY DETERMINED CONTRIBUTION	\$ 545,786	526,516	386,006	352,550
CONTRIBUTIONS IN RELATION TO THE				
ACTUARIALLY DETERMINED CONTRIBUTION	1,025,786	844,180	626,006	592,550
CONTRIBUTION DEFICIENCY (EXCESS)	(480,000)	(317,664)	(240,000)	(240,000)
COVERED PAYROLL	2,094,921	1,947,073	1,808,066	1,768,083
CONTRIBUTIONS AS A PERCENTAGE				
OF COVERED PAYROLL	48.97%	43.36%	34.62%	33.51%

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 NORMAL
AMORTIZATION METHOD	LEVEL PERCENTAGE OF PAYROLL CLOSED
REMAINING AMORTIZATION PERIOD	17 YEARS
ASSET VALUATION METHOD	OPEN: 10-YEAR SMOOTHED MARKET
INFLATION	2.50%
SALARY INCREASES	3.00% AVERAGE, INCLUDING INFLATION
INVESTMENT RATE OF RETURN	7.00%
RETIREMENT AGE	IN THE 2020 ACTUARIAL VALUATION, EXPECTED RETIREMENT AGES OF GENERAL EMPLOYEES WERE ADJUSTED TO MORE CLOSELY REFLECT ACTUAL EXPERIENCE
MORTALITY	ASSUMPTIONS WERE BASED ON THE MP-2019 GROUP ANNUITY MORTALITY TABLE - BLENDED 50% MALE/ 50% FEMALE

2018	2017	2016	2015
347,363	301,961	290,143	252,898
(347,363)	(301,961)	(290,143)	(252,898)
-	-	-	-
1,616,727	1,536,826	1,458,502	1,575,702
21.49%	19.65%	19.89%	16.05%

Mason County, Michigan
Required Supplemental Information -
Schedules of Changes in the Road Commission
Net OPEB Liability and Related Ratios
Last Five Fiscal Years

	2022	2021	2020	2019	2018
TOTAL OPEB LIABILITY					
Service cost	\$ 9,842	5,571	9,168	12,199	12,765
Interest	5,222	5,211	3,488	7,644	9,446
Benefit payments, including refunds	(26,442)	(35,132)	(19,500)	(13,250)	(8,000)
Changes in experience	9,392	15,104	(8,041)	(49,842)	(44,576)
Changes in assumptions	1,002	782	(9,797)	(92,249)	(4,971)
Other changes	-	-	5,227	-	-
NET CHANGE IN TOTAL OPEB LIABILITY	(984)	(8,464)	(19,455)	(135,498)	(35,336)
TOTAL OPEB LIABILITY - BEGINNING OF YEAR	74,437	82,901	102,356	237,854	273,190
TOTAL OPEB LIABILITY - END OF YEAR	\$ 73,453	74,437	82,901	102,356	237,854
PLAN FIDUCIARY NET POSITION					
Contributions - employer	\$ 10,752	15,690	19,500	35,000	29,750
Net investment income	(31,114)	38,314	46,995	5,231	2,947
Benefit payments, including refunds	(26,442)	(35,132)	(19,500)	(13,250)	(8,000)
Other changes	0	(58)	0	0	0
Administrative expenses	(484)	(529)	(67)	-	-
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(47,288)	18,285	46,928	26,981	24,697
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	304,143	285,858	238,930	211,949	187,252
PLAN FIDUCIARY NET POSITION - END OF YEAR	\$ 256,855	304,143	285,858	238,930	211,949
COUNTY'S NET OPEB (ASSET)/LIABILITY - ENDING	\$ (183,402)	(229,706)	(202,957)	(136,574)	25,905
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL OPEB LIABILITY	349.69%	408.59%	344.82%	233.43%	89.11%
COVERED PAYROLL	2,638,435	2,358,982	2,124,727	1,598,062	1,616,727
NET OPEB LIABILITY AS A % OF COVERED PAYROLL	-6.95%	-9.74%	-9.55%	-8.55%	1.60%
Schedule of Employer Contributions					
Actuarially determined employer contribution	\$ -	-	-	17,889	19,130
Contributions in relation to the actuarially determined contributions	10,752	15,690	19,500	35,000	29,750
Contribution deficiency/(excess)	\$ (10,752)	(15,690)	(19,500)	(17,111)	(10,620)
Covered Payroll	2,638,435	2,358,982	2,124,727	1,598,062	1,616,727
Contribution as percentage of covered payroll	0.41%	0.67%	0.92%	2.19%	1.60%

Mason County, Michigan
Required Supplemental Information -
Schedule of Changes in the District Library
Net Pension Liability and Related Ratios
Last Eight Fiscal Years

	2022	2021	2020
TOTAL PENSION LIABILITY			
Service cost	\$ 48,685	46,545	35,892
Interest	210,046	198,963	187,355
Benefit payments, including refunds	(170,293)	(158,673)	(160,039)
Other Changes	21,082	(8,014)	1,718
Changes in experience	(129,466)	62,077	8,584
Changes in assumptions	107,016	145,092	73,215
NET CHANGE IN TOTAL PENSION LIABILITY	87,070	285,990	146,725
TOTAL PENSION LIABILITY - BEGINNING OF YEAR	<u>2,959,989</u>	<u>2,673,999</u>	<u>2,527,274</u>
TOTAL PENSION LIABILITY - END OF YEAR	<u>\$ 3,047,059</u>	<u>2,959,989</u>	<u>2,673,999</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 115,775	178,117	108,975
Net investment income	(245,112)	287,959	235,167
Benefit payments, including refunds	(170,293)	(158,673)	(160,039)
Administrative expenses	(4,329)	(3,303)	(3,741)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(303,959)	304,100	180,362
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	<u>2,356,492</u>	<u>2,052,392</u>	<u>1,872,030</u>
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 2,052,533</u>	<u>2,356,492</u>	<u>2,052,392</u>
COUNTY'S NET PENSION LIABILITY - ENDING	<u>\$ 994,526</u>	<u>603,497</u>	<u>621,607</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL PENSION LIABILITY	67.36%	79.61%	76.75%
COVERED PAYROLL	<u>\$ 354,363</u>	<u>390,958</u>	<u>379,740</u>
NET PENSION LIABILITY AS A % OF COVERED PAYROLL	280.65%	154.36%	163.69%

2019	2018	2017	2016	2015
37,926	37,025	37,210	36,147	38,799
192,431	188,740	181,385	165,524	162,167
(155,968)	(149,571)	(142,681)	(128,858)	(113,037)
(4,729)	(7,079)	(8,068)	6,132	4,697
(6,789)	(20,239)	27,635	769	-
-	-	-	124,925	-
62,871	48,876	95,481	204,639	92,626
<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>
<u><u>2,527,274</u></u>	<u><u>2,464,403</u></u>	<u><u>2,415,527</u></u>	<u><u>2,320,046</u></u>	<u><u>2,115,407</u></u>
66,545	63,212	68,000	51,319	43,584
231,708	(71,974)	227,278	184,334	(25,676)
(155,968)	(149,571)	(142,681)	(128,858)	(113,037)
(3,990)	(3,622)	(3,604)	(3,640)	(3,775)
138,295	(161,955)	148,993	103,155	(98,904)
<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>
<u><u>1,872,030</u></u>	<u><u>1,733,735</u></u>	<u><u>1,895,690</u></u>	<u><u>1,746,697</u></u>	<u><u>1,643,542</u></u>
<u><u>655,244</u></u>	<u><u>730,668</u></u>	<u><u>519,837</u></u>	<u><u>573,349</u></u>	<u><u>471,865</u></u>
74.07%	70.35%	78.48%	75.29%	77.69%
<u><u>288,046</u></u>	<u><u>302,109</u></u>	<u><u>296,648</u></u>	<u><u>296,404</u></u>	<u><u>291,721</u></u>
227.48%	241.86%	175.24%	193.43%	161.75%

Mason County, Michigan
Schedule of Contributions
Last Ten Fiscal Years
District Library

	2022	2021	2020	2019
Actuarially determined contribution	\$ 115,775	128,117	108,975	66,545
Contributions in relation to the actuarially determined contribution	<u>115,775</u>	<u>178,117</u>	<u>108,975</u>	<u>66,545</u>
CONTRIBUTION DEFICIENCY (EXCESS)	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
COVERED PAYROLL	\$ 354,363	390,958	379,740	288,046
CONTRIBUTIONS AS A PERCENTAGE OF				
COVERED PAYROLL	32.67%	45.56%	28.70%	23.10%

Notes to Schedule of District Library Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age

Amortization method

Level percentage of payroll

Remaining amortization period

17 years

Asset valuation method

5-year smoothed

Inflation

2.50%

Salary increases

4.50%

Investment rate of return

7%

Retirement age

60

Mortality

50% Female/50% Male 2014 Group Annuity Mortality Table

Other information

None

2018	2017	2016	2015	2014	2012
63,212	68,000	51,319	43,584	42,231	39,745
<u>63,212</u>	<u>68,000</u>	<u>51,319</u>	<u>43,584</u>	<u>43,325</u>	<u>48,959</u>
<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(1,094)</u></u>	<u><u>(9,214)</u></u>
302,109	296,648	296,404	291,721	315,674	277,718
20.92%	22.92%	17.31%	14.94%	13.72%	17.63%

Mason County, Michigan
Required Supplemental Information -
Schedule of Changes in the County
Net OPEB (Asset)/Liability and Related Ratios
Last Six Fiscal Years

	2022	2021	2020
TOTAL OPEB LIABILITY			
Service cost	\$ 103,931	98,679	117,413
Interest	249,302	253,892	254,287
Benefit payments, including refunds	(282,421)	(289,834)	(278,585)
Changes of benefit terms	(165,328)	-	-
Changes is experience	(469,807)	(145,571)	36,446
Changes is assumptions	(79,012)	-	(121,165)
NET CHANGE IN TOTAL OPEB LIABILITY	(643,335)	(82,834)	8,396
TOTAL OPEB LIABILITY - BEGINNING OF YEAR	4,244,270	4,327,104	4,318,708
TOTAL OPEB LIABILITY - END OF YEAR	<u>\$ 3,600,935</u>	<u>4,244,270</u>	<u>4,327,104</u>
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 306,695	321,844	392,144
Net investment income	(606,890)	270,257	381,539
Benefit payments, including refunds	(282,421)	(289,834)	(278,585)
Administrative expenses	(9,586)	(10,099)	(9,615)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	(592,202)	292,168	485,483
PLAN FIDUCIARY NET POSITION - BEGINNING OF YEAR	5,809,249	5,517,081	5,031,598
PLAN FIDUCIARY NET POSITION - END OF YEAR	<u>\$ 5,217,047</u>	<u>5,809,249</u>	<u>5,517,081</u>
COUNTY'S NET OPEB (ASSET)/LIABILITY - ENDING	<u>\$ (1,616,112)</u>	<u>(1,564,979)</u>	<u>(1,189,977)</u>
PLAN FIDUCIARY NET POSITION AS A % OF TOTAL OPEB LIABILITY	144.88%	136.87%	128%
COVERED PAYROLL	<u>\$ 3,252,360</u>	<u>3,378,613</u>	<u>3,584,731</u>
NET OPEB LIABILITY AS A % OF COVERED PAYROLL	-49.69%	-46.32%	-33%

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

2019	2018	2017
120,971	93,030	94,462
251,759	330,227	329,873
(368,388)	(349,258)	(340,813)
-	-	-
(5,330)	(704,240)	(73,862)
<u>-</u>	<u>418,801</u>	<u>-</u>
(988)	(211,440)	9,660
<u>4,319,696</u>	<u>4,531,136</u>	<u>4,521,476</u>
<u>4,318,708</u>	<u>4,319,696</u>	<u>4,531,136</u>
492,038	559,475	567,946
161,677	80,556	405,480
(368,388)	(349,258)	(340,813)
<u>(8,728)</u>	<u>(11,051)</u>	<u>(9,837)</u>
276,599	279,722	622,776
<u>4,754,999</u>	<u>4,475,277</u>	<u>3,852,501</u>
<u>5,031,598</u>	<u>4,754,999</u>	<u>4,475,277</u>
<u>(712,890)</u>	<u>(435,303)</u>	<u>55,859</u>
117%	110%	99%
<u>3,604,856</u>	<u>3,600,087</u>	<u>3,843,786</u>
-20%	-12%	1%

Mason County, Michigan
Required Supplemental Information
Schedule of the Net OPEB Liability Multiyear
For the Year Ended December 31, 2022

Health Benefits:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b-a)/c)
2017	\$ 4,475,277	4,531,136	55,859	1	3,843,786	0.015
2018	\$ 4,754,999	4,319,696	(435,303)	1	3,600,087	(0.121)
2019	\$ 5,031,598	4,318,708	(712,890)	1	3,604,856	(0.198)
2020	\$ 5,517,081	4,327,104	(1,189,977)	1	3,584,731	(0.332)
2021	\$ 5,809,249	4,244,270	(1,564,979)	1	3,378,613	(0.463)
2022	\$ 5,217,047	3,600,935	(1,616,112)	1	3,252,360	(0.497)

Payroll provided separately by the employer.

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, 2022

ASSETS

Cash and cash equivalents	\$ 1,609,488.24
Investments - net	12,501,344.63
Accounts receivable	28,373.18
Interest receivable	36,460.88
Prepaid items	95,055.37
Advances to other funds	1,771,806.13
Due from other units	103,985.51
Due from federal and state governments	<u>266,436.56</u>
 TOTAL ASSETS	 \$ <u><u>16,412,950.50</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 173,533.66
Unearned revenue	25,290.00
Due to other funds	1,615.73
Due to individuals	27,296.91
Due to federal and state governments	127,402.15
Accrued liabilities	<u>92,614.96</u>
 TOTAL LIABILITIES	 <u>447,753.41</u>

FUND BALANCE

Nonspendable	1,866,861.50
Committed	4,631,347.81
Assigned	713,646.33
Unassigned	<u>8,753,341.45</u>
 TOTAL FUND BALANCE	 <u>15,965,197.09</u>

TOTAL LIABILITIES AND FUND BALANCE	\$ <u><u>16,412,950.50</u></u>
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Mason County, Michigan
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2022

REVENUES	
General property taxes	\$ 12,520,374.98
Permits and regulatory licenses	87,090.00
Intergovernmental	
Federal	6,213,699.69
State	1,612,000.03
Charges for services	805,803.89
Interest and rents	368,596.28
Unrealized loss on investments	(592,017.49)
Fines and forfeitures	4,475.00
Miscellaneous	<u>402,682.93</u>
TOTAL REVENUES	<u>21,422,705.31</u>
EXPENDITURES	
Legislative	473,730.34
Judicial	1,970,001.74
General government administration	3,571,770.42
Public safety	879,189.22
Public works	34,609.17
Health and social services	655,917.31
Recreation and cultural	29,588.24
Other	<u>53,925.32</u>
TOTAL EXPENDITURES	<u>7,668,731.76</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>13,753,973.55</u>
OTHER FINANCING SOURCES (USES)	
Transfers out	<u>(8,356,531.00)</u>
CHANGE IN FUND BALANCE	5,397,442.55
FUND BALANCE, JANUARY 1	<u>10,567,754.54</u>
FUND BALANCE, DECEMBER 31	<u><u>\$ 15,965,197.09</u></u>

Mason County, Michigan
Statement of Revenues - Budget and Actual
General Fund
For the Year Ended December 31, 2022

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
REVENUES				
District Court	\$ 274,600.00	173,325.00	176,145.96	2,820.96
Friend of the Court	38,900.00	41,700.00	42,121.19	421.19
Probate Court	15,500.00	17,450.00	18,166.56	716.56
Juvenile Court	28,250.00	27,750.00	27,792.78	42.78
Family counseling service	2,800.00	2,450.00	2,530.00	80.00
Equalization Department	19,700.00	20,200.00	20,596.90	396.90
Prosecutor	15,850.00	13,350.00	13,349.23	(0.77)
County Clerk	85,475.00	84,875.00	80,181.65	(4,693.35)
Register of Deeds	323,125.00	440,475.00	444,844.95	4,369.95
Property tax collections	10,936,000.00	11,002,650.00	11,032,595.81	29,945.81
Personal Property Tax Reimburse.	411,000.00	1,220,075.00	1,220,077.30	2.30
Delinquent personal tax	2,300.00	725.00	745.24	20.24
Other taxes	58,475.00	133,800.00	139,326.63	5,526.63
Payment in lieu of tax	124,325.00	127,625.00	127,630.00	5.00
COVID-19 Grants	0.00	148,000.00	5,809,085.76	5,661,085.76
Probate Judge supplement	117,125.00	127,900.00	127,454.65	(445.35)
Judicial salary standardization	137,150.00	137,150.00	137,172.00	22.00
Court financing reimbursements	118,925.00	121,950.00	123,094.00	1,144.00
Emergency management	22,500.00	29,025.00	30,334.69	1,309.69
Veterans' Affairs Grant	68,700.00	48,600.00	47,783.11	(816.89)
State Revenue Sharing	542,500.00	557,000.00	557,008.28	8.28
County Incentive Program	126,775.00	125,775.00	125,784.46	9.46
Medical Marijuana Oversight Grant	0.00	4,725.00	4,744.41	19.41
911 Center	158,625.00	158,625.00	158,888.00	263.00
Drunk driving case flow	4,475.00	4,200.00	4,212.93	12.93
C.R.P. reimbursement	371,000.00	347,100.00	342,582.24	(4,517.76)
Victims' rights	39,325.00	36,550.00	36,702.50	152.50
Convention facility tax	162,375.00	155,025.00	179,289.25	24,264.25
Township liquor license	15,800.00	18,000.00	18,002.05	2.05
State survey/remonumentation	36,300.00	35,250.00	35,887.05	637.05
Drug case information management	600.00	825.00	825.46	0.46
Investment income	83,000.00	178,200.00	(257,721.21)	(435,921.21)
Rents and leases	34,000.00	34,300.00	34,300.00	0.00
Reimbursements - refunds	310,625.00	362,600.00	380,303.18	17,703.18
Friend of the Court - incentive programs	34,500.00	31,675.00	31,697.00	22.00
Other Treasurer's fees	7,550.00	7,575.00	7,800.25	225.25
Sale of capital assets	9,600.00	9,475.00	9,795.00	320.00
Drain Commissioner	46,000.00	41,850.00	42,014.70	164.70
Animal control	64,675.00	64,875.00	66,281.85	1,406.85
Zoning department	19,750.00	21,950.00	23,279.50	1,329.50
TOTAL REVENUES	\$ 14,868,175.00	16,114,650.00	21,422,705.31	5,308,055.31

Mason County, Michigan
Statement of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2022

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES				
Animal control	\$ 224,400.00	229,000.00	226,449.61	2,550.39
Audit	27,425.00	26,000.00	25,511.71	488.29
Board of Commissioners	148,000.00	139,700.00	131,316.97	8,383.03
Circuit Court	478,575.00	473,000.00	484,364.63	(11,364.63)
Contingency	64,750.00	0.00	0.00	0.00
County Administrator	339,600.00	333,000.00	331,540.69	1,459.31
County maintenance	156,600.00	138,000.00	137,736.59	263.41
Copy machine	17,600.00	16,600.00	11,876.30	4,723.70
County Clerk's Office	669,425.00	595,000.00	590,283.20	4,716.80
County Plat Board	300.00	300.00	0.00	300.00
Courthouse maintenance	149,250.00	155,000.00	163,859.75	(8,859.75)
Courthouse security	330,500.00	160,000.00	154,934.92	5,065.08
Department of Public Works	35,700.00	33,000.00	32,455.10	544.90
District Court	758,700.00	738,000.00	735,852.64	2,147.36
District Health Dept. #10	186,519.00	186,519.00	186,519.00	0.00
Department of Corrections	8,025.00	4,000.00	3,029.66	970.34
Drain Commissioner	369,075.00	342,000.00	338,503.27	3,496.73
Drains at large	26,400.00	5,000.00	2,154.07	2,845.93
Emergency planning	121,700.00	126,000.00	124,574.77	1,425.23
Employee benefits	76,425.00	78,925.00	78,367.28	557.72
Extension office	107,025.00	107,950.00	107,899.07	50.93
Election and Board of Canvassers	160,600.00	63,000.00	61,203.28	1,796.72
Equalization Department	530,475.00	485,000.00	476,965.03	8,034.97
Fairgrounds	7,000.00	24,725.00	24,690.20	34.80
Family counseling service	4,000.00	2,000.00	0.00	2,000.00
Health Department	74,600.00	79,000.00	73,503.92	5,496.08
Household hazardous waste prog.	7,000.00	7,000.00	7,000.00	0.00
Jail annex maintenance	29,500.00	21,000.00	19,490.40	1,509.60
Jury Commission	14,000.00	14,000.00	11,597.16	2,402.84
Juvenile Court	97,850.00	136,850.00	127,491.77	9,358.23
Mason - Lake soil conservation	19,000.00	19,000.00	19,000.00	0.00
Mason - Oceana 911	158,625.00	163,625.00	158,888.00	4,737.00
Medical Examiner	151,000.00	117,000.00	108,341.50	8,658.50
Mental Health Authority	139,750.00	139,750.00	139,625.07	124.93
Michigan Association of Counties	10,875.00	10,875.00	10,872.68	2.32
Lakeshore Regional Partners	81,200.00	81,200.00	89,644.63	(8,444.63)
Parks and recreation	1,000.00	6,000.00	4,898.04	1,101.96
Planning commission and zoning	231,925.00	218,000.00	206,655.43	11,344.57
Probate Court	651,600.00	613,000.00	607,665.88	5,334.12
Prosecutor's Office	875,150.00	789,000.00	787,694.04	1,305.96

Mason County, Michigan
Statement of Expenditures - Budget and Actual
General Fund
For the Year Ended December 31, 2022

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
EXPENDITURES - Concluded				
Regional planning	\$ 7,650.00	7,700.00	7,686.49	13.51
Register of Deeds	316,775.00	320,000.00	315,848.55	4,151.45
Remonumentation	36,300.00	35,925.00	35,892.93	32.07
Scottville office maintenance	28,100.00	25,000.00	23,213.80	1,786.20
Tax allocation boards	1,400.00	1,325.00	1,268.10	56.90
Treasurer's Office	447,575.00	427,000.00	424,082.44	2,917.56
United Way 211 service	2,000.00	2,000.00	1,500.00	500.00
Veterans' Affairs Grant	68,700.00	50,000.00	50,183.19	(183.19)
Veterans' burial	21,100.00	10,700.00	6,600.00	4,100.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	\$ <u>8,470,744.00</u>	<u>7,756,669.00</u>	<u>7,668,731.76</u>	<u>87,937.24</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, 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, 2022

	ROAD PATROL	SENIOR CITIZENS	FRIEND OF THE COURT	JUNK ORDINANCE ADMINISTRATION
ASSETS				
Cash and cash equivalents	\$ 135,451.97	2,651.20	251,336.84	63,277.81
Investments - net	690,015.57	429,105.25	0.00	0.00
Taxes receivable	647,929.39	643,393.89	0.00	0.00
Accounts receivable	1,420.00	0.00	0.00	0.00
Interest receivable	673.72	0.00	773.95	0.00
Due from other units	658.66	654.21	0.00	0.00
Prepaid items	22,908.92	0.00	3,480.57	996.00
Due from other funds	0.00	0.00	0.00	0.00
Due from state	67,045.41	0.00	0.00	0.00
TOTAL ASSETS	\$ 1,566,103.64	1,075,804.55	255,591.36	64,273.81
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 14,879.05	9,078.20	440.91	0.00
Due to individuals	0.00	0.00	0.00	0.00
Accrued liabilities	47,461.91	0.00	4,627.16	0.00
Due to other units	0.00	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
Deferred revenue	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	62,340.96	9,078.20	5,068.07	0.00
DEFERRED INFLOWS	647,929.39	643,393.89	0.00	0.00
FUND BALANCE				
Nonspendable for prepaid items	22,908.92	0.00	3,480.57	996.00
Restricted	832,924.37	423,332.46	0.00	48,277.81
Committed	0.00	0.00	247,042.72	15,000.00
TOTAL FUND BALANCE	855,833.29	423,332.46	250,523.29	64,273.81
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 1,566,103.64	1,075,804.55	255,591.36	64,273.81

LANDFILL PERPETUAL CARE	SOLID WASTE MANAGEMENT PLAN	BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT
691,857.15	26,561.56	422,960.24	584,994.24
1,849,052.16	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
1,775.72	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	1,474.83
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>2,542,685.03</u>	<u>26,561.56</u>	<u>422,960.24</u>	<u>586,469.07</u>
25,049.20	0.00	7,622.03	117,230.97
0.00	0.00	0.00	0.00
0.00	0.00	0.00	1,421.28
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>25,049.20</u>	<u>0.00</u>	<u>7,622.03</u>	<u>118,652.25</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
0.00	0.00	0.00	1,474.83
98,327.06	0.00	415,338.21	466,341.99
<u>2,419,308.77</u>	<u>26,561.56</u>	<u>0.00</u>	<u>0.00</u>
<u>2,517,635.83</u>	<u>26,561.56</u>	<u>415,338.21</u>	<u>467,816.82</u>
<u>2,542,685.03</u>	<u>26,561.56</u>	<u>422,960.24</u>	<u>586,469.07</u>

Mason County, Michigan
Combining Balance Sheet
Special Revenue Funds
December 31, 2022

	COURTHOUSE PRESERVATION	PRINCIPAL RESIDENCE EXEMPTION	REGISTER OF DEEDS AUTOMATION	COMMUNITY CORRECTIONS
ASSETS				
Cash and cash equivalents	\$ 187,289.88	35,908.55	39,926.33	4,349.51
Investments - net	185,241.23	0.00	0.00	0.00
Taxes receivable	0.00	4,962.35	0.00	0.00
Accounts receivable	0.00	0.00	0.00	0.00
Interest receivable	1,131.93	0.00	0.00	0.00
Due from other units	0.00	0.00	0.00	0.00
Prepaid items	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	\$ 373,663.04	40,870.90	39,926.33	4,349.51
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 0.00	0.00	0.00	0.00
Due to individuals	0.00	0.00	0.00	0.00
Accrued expenses	0.00	0.00	0.00	0.00
Due to other units	0.00	16,414.19	0.00	0.00
Due to other funds	0.00	0.00	0.00	0.00
Deferred revenue	0.00	0.00	0.00	0.00
Due to state	0.00	0.00	0.00	0.00
TOTAL LIABILITIES	0.00	16,414.19	0.00	0.00
DEFERRED INFLOWS	0.00	0.00	0.00	0.00
FUND BALANCE				
Nonspendable for prepaid items	0.00	0.00	0.00	0.00
Restricted	373,663.04	0.00	39,926.33	0.00
Committed	0.00	24,456.71	0.00	4,349.51
TOTAL FUND BALANCE	373,663.04	24,456.71	39,926.33	4,349.51
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 373,663.04	40,870.90	39,926.33	4,349.51

INDIGENT DEFENSE	CONCEALED PISTOL LICENSING	CORRECTIONS OFFICERS TRAINING	DRUG LAW ENFORCEMENT
256,457.54	78,960.20	21,965.71	6,935.49
44,835.50	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>301,293.04</u>	<u>78,960.20</u>	<u>21,965.71</u>	<u>6,935.49</u>
51,226.50	2,231.00	62.44	0.00
0.00	0.00	0.00	0.00
0.00	14.34	0.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
198,004.44	0.00	0.00	0.00
0.00	0.00	188.00	0.00
<u>249,230.94</u>	<u>2,245.34</u>	<u>250.44</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
52,062.10	76,714.86	21,715.27	0.00
0.00	0.00	0.00	6,935.49
<u>52,062.10</u>	<u>76,714.86</u>	<u>21,715.27</u>	<u>6,935.49</u>
\$ <u>301,293.04</u>	<u>78,960.20</u>	<u>21,965.71</u>	<u>6,935.49</u>

Mason County, Michigan
Combining Balance Sheet
Special Revenue Funds
December 31, 2022

	JAIL OPERATIONS	COUNTY LAW LIBRARY	DARE PROGRAM
ASSETS			
Cash and cash equivalents	\$ 199,844.69	83,093.79	1,395.93
Investments - net	1,445,084.10	0.00	0.00
Taxes receivable	1,252,663.49	0.00	0.00
Accounts receivable	3,783.79	0.00	0.00
Interest receivable	5,288.82	0.00	0.00
Due from other units	1,273.63	0.00	0.00
Prepaid items	31,499.64	0.00	0.00
Due from other funds	0.00	0.00	0.00
Due from state	4,918.50	0.00	0.00
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>2,944,356.66</u>	<u>83,093.79</u>	<u>1,395.93</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 50,893.57	564.38	0.00
Due to individuals	54,855.94	0.00	0.00
Accrued expenses	25,474.65	0.00	0.00
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	0.00	0.00
Deferred revenue	0.00	0.00	0.00
Due to state	0.00	0.00	0.00
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>131,224.16</u>	<u>564.38</u>	<u>0.00</u>
DEFERRED INFLOWS	<u>1,252,663.49</u>	<u>0.00</u>	<u>0.00</u>
FUND BALANCE			
Nonspendable for prepaid items	31,499.64	0.00	0.00
Restricted	1,528,969.37	0.00	0.00
Committed	0.00	82,529.41	1,395.93
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	<u>1,560,469.01</u>	<u>82,529.41</u>	<u>1,395.93</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ <u>2,944,356.66</u>	<u>83,093.79</u>	<u>1,395.93</u>

COMMUNITY DEVELOPMENT BLOCK GRANT	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING
87,386.89	96.90	6,024.49
0.00	25,543.20	0.00
0.00	0.00	0.00
0.00	27,562.87	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>87,386.89</u>	<u>53,202.97</u>	<u>6,024.49</u>
0.00	0.00	0.00
0.00	0.00	0.00
0.00	194.51	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>194.51</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	53,008.46	6,024.49
87,386.89	0.00	0.00
<u>87,386.89</u>	<u>53,008.46</u>	<u>6,024.49</u>
<u>87,386.89</u>	<u>53,202.97</u>	<u>6,024.49</u>

Mason County, Michigan
Combining Balance Sheet
Special Revenue Funds
December 31, 2022

	SOCIAL WELFARE	CHILD CARE
ASSETS		
Cash and cash equivalents	\$ 53,816.38	874,131.54
Investments - net	0.00	0.00
Taxes receivable	0.00	0.00
Accounts receivable	96.89	0.00
Interest receivable	0.00	0.00
Due from other units	0.00	0.00
Prepaid items	0.00	1,609.71
Due from other funds	0.00	1,615.73
Due from state	0.00	101,607.08
	<u>53,913.27</u>	<u>101,607.08</u>
TOTAL ASSETS	\$ 53,913.27	978,964.06
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 0.00	14,175.72
Due to individuals	0.00	0.00
Accrued expenses	0.00	2,827.28
Due to other units	0.00	0.00
Due to other funds	0.00	0.00
Deferred revenue	0.00	0.00
Due to the state	0.00	33,570.81
	<u>0.00</u>	<u>33,570.81</u>
TOTAL LIABILITIES	0.00	50,573.81
DEFERRED INFLOWS	<u>0.00</u>	<u>0.00</u>
FUND BALANCE		
Nonspendable for prepaid items	0.00	1,609.71
Restricted	0.00	0.00
Committed	53,913.27	926,780.54
	<u>53,913.27</u>	<u>926,780.54</u>
TOTAL FUND BALANCE	53,913.27	928,390.25
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 53,913.27	978,964.06

SOLDIERS' AND SAILORS' RELIEF	BUILDING AUTHORITY OPERATIONS	TOTAL
15,884.49	153,231.52	4,285,790.84
20,108.84	0.00	4,688,985.85
6,479.29	0.00	2,555,428.41
0.00	0.00	32,863.55
0.00	0.00	9,644.14
0.00	0.00	2,586.50
0.00	0.00	61,969.67
0.00	0.00	1,615.73
0.00	8,753.92	182,324.91
<u>42,472.62</u>	<u>161,985.44</u>	<u>11,821,209.60</u>
500.00	1,978.34	295,932.31
0.00	0.00	54,855.94
0.00	0.00	82,021.13
0.00	0.00	16,414.19
0.00	0.00	0.00
0.00	0.00	198,004.44
0.00	0.00	33,758.81
<u>500.00</u>	<u>1,978.34</u>	<u>680,986.82</u>
<u>6,479.29</u>	<u>0.00</u>	<u>2,550,466.06</u>
0.00	0.00	61,969.67
35,493.33	0.00	4,472,119.15
0.00	160,007.10	4,055,667.90
<u>35,493.33</u>	<u>160,007.10</u>	<u>8,589,756.72</u>
<u>42,472.62</u>	<u>161,985.44</u>	<u>11,821,209.60</u>

Mason County, Michigan
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Special Revenue Funds
For the Year Ended December 31, 2022

	ROAD PATROL	SENIOR CITIZENS	FRIEND OF THE COURT
REVENUES			
Taxes	\$ 654,988.46	678,132.34	0.00
Federal grants	0.00	0.00	0.00
State grants	97,806.98	0.00	0.00
Charges for services	6,934.50	0.00	8,670.00
Unrealized (loss) gain on investments	(27,097.54)	(28,485.46)	0.00
Interest and rents	10,172.64	6,411.70	773.95
Fines and forfeits	0.00	0.00	0.00
Other	11,741.35	0.00	0.00
TOTAL REVENUES	<u>754,546.39</u>	<u>656,058.58</u>	<u>9,443.95</u>
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	2,891,531.78	0.00	0.00
Health and welfare	0.00	596,310.55	0.00
Judicial	0.00	0.00	498,429.42
Landfill perpetual care	0.00	0.00	0.00
TOTAL EXPENDITURES	<u>2,891,531.78</u>	<u>596,310.55</u>	<u>498,429.42</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,136,985.39)</u>	<u>59,748.03</u>	<u>(488,985.47)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,191,475.00	0.00	570,000.00
Transfers out	(82,500.00)	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	<u>2,108,975.00</u>	<u>0.00</u>	<u>570,000.00</u>
CHANGE IN FUND BALANCE	(28,010.39)	59,748.03	81,014.53
FUND BALANCE, JANUARY 1	893,741.28	363,584.43	169,508.76
PRIOR PERIOD ADJUSTMENT	(9,897.60)	0.00	0.00
FUND BALANCE, DECEMBER 31	<u>\$ 855,833.29</u>	<u>423,332.46</u>	<u>250,523.29</u>

JUNK ORDINANCE ADMINISTRATION	LANDFILL PERPETUAL CARE	SOLID WASTE MANAGEMENT PLAN	BROWNFIELD REDEVELOPMENT AUTHORITY/ ECONOMIC DEVELOPMENT	BUILDING DEPARTMENT
0.00	0.00	0.00	102,403.25	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	497,255.40
0.00	(56,695.73)	0.00	0.00	0.00
0.00	25,449.46	0.00	0.00	0.00
63.00	0.00	0.00	0.00	0.00
1,642.00	10,427.82	0.00	0.00	75.10
<u>1,705.00</u>	<u>(20,818.45)</u>	<u>0.00</u>	<u>102,403.25</u>	<u>497,330.50</u>
0.00	0.00	0.00	39,283.03	434,980.37
0.00	0.00	0.00	0.00	0.00
18,380.88	0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
0.00	93,779.40	0.00	0.00	0.00
<u>18,380.88</u>	<u>93,779.40</u>	<u>0.00</u>	<u>39,283.03</u>	<u>434,980.37</u>
<u>(16,675.88)</u>	<u>(114,597.85)</u>	<u>0.00</u>	<u>63,120.22</u>	<u>62,350.13</u>
6,700.00	40,000.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00	0.00
<u>6,700.00</u>	<u>40,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(9,975.88)	(74,597.85)	0.00	63,120.22	62,350.13
74,249.69	2,592,233.68	26,561.56	352,217.99	405,466.69
0.00	0.00	0.00	0.00	0.00
<u>64,273.81</u>	<u>2,517,635.83</u>	<u>26,561.56</u>	<u>415,338.21</u>	<u>467,816.82</u>

Mason County, Michigan
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Special Revenue Funds
For the Year Ended December 31, 2022

	COURTHOUSE PRESERVATION	PRINCIPAL RESIDENCE EXEMPTION	REGISTER OF DEEDS AUTOMATION	COMMUNITY CORRECTIONS
REVENUES				
Taxes	\$ 0.00	0.00	0.00	0.00
Federal grants	0.00	0.00	0.00	0.00
State grants	0.00	0.00	0.00	0.00
Charges for services	0.00	0.00	38,200.00	0.00
Unrealized (loss) gain on investments	(6,426.35)	0.00	0.00	0.00
Interest and rents	6,531.67	0.00	507.08	0.00
Fines and forfeits	11,505.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00
TOTAL REVENUES	11,610.32	0.00	38,707.08	0.00
EXPENDITURES				
General government	0.00	699.00	23,514.00	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	0.00
Landfill perpetual care	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	0.00	699.00	23,514.00	0.00
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,610.32	(699.00)	15,193.08	0.00
OTHER FINANCING SOURCES (USES)				
Transfers in	0.00	0.00	0.00	0.00
Transfers out	0.00	0.00	0.00	0.00
TOTAL OTHER FINANCING SOURCES (USES)	0.00	0.00	0.00	0.00
CHANGE IN FUND BALANCE	11,610.32	(699.00)	15,193.08	0.00
FUND BALANCE, JANUARY 1	362,052.72	25,155.71	24,733.25	4,349.51
PRIOR PERIOD ADJUSTMENT	0.00	0.00	0.00	0.00
FUND BALANCE, DECEMBER 31	\$ 373,663.04	24,456.71	39,926.33	4,349.51

INDIGENT DEFENSE	CONCEALED PISTOL LICENSING	CORRECTIONS OFFICERS TRAINING	DRUG LAW ENFORCEMENT
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
353,848.46	0.00	0.00	0.00
0.00	21,210.00	4,801.94	0.00
(4,557.90)	0.00	0.00	0.00
3,399.59	1,192.46	0.00	0.00
0.00	0.00	0.00	0.00
3,692.60	0.00	0.00	0.00
<u>356,382.75</u>	<u>22,402.46</u>	<u>4,801.94</u>	<u>0.00</u>
0.00	0.00	0.00	0.00
0.00	7,264.31	3,227.38	0.00
0.00	0.00	0.00	0.00
638,550.53	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>638,550.53</u>	<u>7,264.31</u>	<u>3,227.38</u>	<u>0.00</u>
(282,167.78)	15,138.15	1,574.56	0.00
153,500.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
<u>153,500.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
(128,667.78)	15,138.15	1,574.56	0.00
180,729.88	61,576.71	20,140.71	6,935.49
0.00	0.00	0.00	0.00
<u>52,062.10</u>	<u>76,714.86</u>	<u>21,715.27</u>	<u>6,935.49</u>

Mason County, Michigan
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Special Revenue Funds
For the Year Ended December 31, 2022

	JAIL OPERATIONS	COUNTY LAW LIBRARY	DARE PROGRAM
REVENUES			
Taxes	\$ 1,266,402.95	0.00	0.00
Federal grants	0.00	0.00	0.00
State grants	0.00	0.00	0.00
Charges for services	151,274.98	0.00	0.00
Unrealized (loss) gain on investments	(131,877.47)	0.00	0.00
Interest and rents	31,498.88	0.00	0.00
Fines and forfeits	0.00	3,500.00	0.00
Other	3,979.15	263.74	0.00
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,321,278.49	3,763.74	0.00
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
General government	0.00	0.00	0.00
Public safety	3,166,576.04	3,220.23	0.00
Health and welfare	0.00	0.00	0.00
Judicial	0.00	0.00	0.00
Landfill perpetual care	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	3,166,576.04	3,220.23	0.00
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,845,297.55)	543.51	0.00
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,944,475.00	10,000.00	0.00
Transfers out	(99,250.00)	0.00	0.00
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	1,845,225.00	10,000.00	0.00
	<hr/>	<hr/>	<hr/>
CHANGE IN FUND BALANCE	(72.55)	10,543.51	0.00
FUND BALANCE, JANUARY 1	1,560,541.56	71,985.90	1,395.93
PRIOR PERIOD ADJUSTMENT	0.00	0.00	0.00
	<hr/>	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 1,560,469.01	82,529.41	1,395.93
	<hr/>	<hr/>	<hr/>

COMMUNITY DEVELOPMENT BLOCK GRANT	EMERGENCY MANAGEMENT GRANT	JUSTICE TRAINING
0.00	0.00	0.00
0.00	52,668.81	0.00
0.00	0.00	2,828.16
0.00	0.00	0.00
0.00	0.00	0.00
0.00	816.58	0.00
0.00	0.00	0.00
30,240.00	0.00	0.00
<u>30,240.00</u>	<u>53,485.39</u>	<u>2,828.16</u>
96.00	0.00	0.00
0.00	52,852.36	460.70
0.00	0.00	0.00
0.00	0.00	0.00
0.00	0.00	0.00
<u>96.00</u>	<u>52,852.36</u>	<u>460.70</u>
<u>30,144.00</u>	<u>633.03</u>	<u>2,367.46</u>
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>
30,144.00	633.03	2,367.46
57,242.89	53,635.75	3,657.03
0.00	(1,260.32)	0.00
<u>87,386.89</u>	<u>53,008.46</u>	<u>6,024.49</u>

Mason County, Michigan
Combining Statement of Revenues, Expenditures
And Changes in Fund Balance
Special Revenue Funds
For the Year Ended December 31, 2022

	SOCIAL WELFARE	CHILD CARE
REVENUES		
Taxes	\$ 0.00	0.00
Federal grants	0.00	0.00
State grants	0.00	292,118.94
Charges for services	0.00	45,800.04
Unrealized (loss) gain on investments	0.00	0.00
Interest and rents	0.00	0.00
Fines and forfeits	0.00	0.00
Other	1,832.92	13,000.00
	<hr/>	<hr/>
TOTAL REVENUES	1,832.92	350,918.98
	<hr/>	<hr/>
EXPENDITURES		
General government	0.00	0.00
Public safety	0.00	0.00
Health and welfare	17,600.78	698,662.12
Judicial	0.00	0.00
Landfill perpetual care	0.00	0.00
	<hr/>	<hr/>
TOTAL EXPENDITURES	17,600.78	698,662.12
	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(15,767.86)	(347,743.14)
	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)		
Transfers in	0.00	411,000.00
Transfers out	0.00	0.00
	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	0.00	411,000.00
	<hr/>	<hr/>
CHANGE IN FUND BALANCE	(15,767.86)	63,256.86
FUND BALANCE, JANUARY 1	69,681.13	865,133.39
PRIOR PERIOD ADJUSTMENT	0.00	0.00
	<hr/>	<hr/>
FUND BALANCE, DECEMBER 31	\$ 53,913.27	928,390.25
	<hr/>	<hr/>

SOLDIERS' AND SAILORS' RELIEF	BUILDING AUTHORITY OPERATIONS	TOTAL
6,767.34	0.00	2,708,694.34
0.00	0.00	52,668.81
0.00	0.00	746,602.54
0.00	0.00	774,146.86
0.00	0.00	(255,140.45)
407.13	49,247.66	136,408.80
0.00	0.00	15,068.00
0.00	2,833.35	79,728.03
<u>7,174.47</u>	<u>52,081.01</u>	<u>4,258,176.93</u>
0.00	33,666.08	532,238.48
0.00	0.00	6,125,132.80
5,721.71	0.00	1,336,676.04
0.00	0.00	1,136,979.95
0.00	0.00	93,779.40
<u>5,721.71</u>	<u>33,666.08</u>	<u>9,224,806.67</u>
<u>1,452.76</u>	<u>18,414.93</u>	<u>(4,966,629.74)</u>
0.00	0.00	5,327,150.00
0.00	0.00	(181,750.00)
<u>0.00</u>	<u>0.00</u>	<u>5,145,400.00</u>
1,452.76	18,414.93	178,770.26
34,040.57	141,592.17	8,422,144.38
0.00	0.00	(11,157.92)
<u>35,493.33</u>	<u>160,007.10</u>	<u>8,589,756.72</u>

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, 2022

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
ASSETS				
Cash and cash equivalents	\$ 441,923.64	105,941.63	1,045,414.64	1,593,279.91
Investments	3,251,836.84	352,196.25	7,489,694.85	11,093,727.94
Due from Federal government	5,266.50	0.00	0.00	5,266.50
Interest receivable	<u>10,777.38</u>	<u>916.22</u>	<u>24,171.54</u>	<u>35,865.14</u>
TOTAL ASSETS	\$ <u>3,709,804.36</u>	<u>459,054.10</u>	<u>8,559,281.03</u>	<u>12,728,139.49</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 20,578.00	0.00	44,145.00	64,723.00
Unearned revenue	<u>11,962.13</u>	<u>0.00</u>	<u>0.00</u>	<u>11,962.13</u>
TOTAL LIABILITIES	<u>32,540.13</u>	<u>0.00</u>	<u>44,145.00</u>	<u>76,685.13</u>
FUND BALANCE				
Assigned	<u>3,677,264.23</u>	<u>459,054.10</u>	<u>8,515,136.03</u>	<u>12,651,454.36</u>
TOTAL LIABILITIES AND FUND BALANCE	\$ <u>3,709,804.36</u>	<u>459,054.10</u>	<u>8,559,281.03</u>	<u>12,728,139.49</u>

Mason County, Michigan
Combining Statement of Revenues, Expenditures
and Changes in Fund Balance
Capital Projects Funds
For the Year Ended December 31, 2022

	EQUIPMENT REPLACEMENT	BUILDING AUTHORITY JAIL CONSTRUCTION	PUBLIC IMPROVEMENT	TOTAL
REVENUES				
Federal Grant	\$ 5,266.50	0.00	0.00	5,266.50
Interest	55,419.58	5,644.46	98,737.75	159,801.79
Unrealized gain (loss)	(140,261.65)	(24,971.66)	(387,633.01)	(552,866.32)
Charges for services	420.00	0.00	0.00	420.00
Reimbursements	10,795.00	0.00	0.00	10,795.00
Other	2,168.16	0.00	0.00	2,168.16
TOTAL REVENUES	<u>(66,192.41)</u>	<u>(19,327.20)</u>	<u>(288,895.26)</u>	<u>(374,414.87)</u>
EXPENDITURES				
Capital outlay	<u>409,369.16</u>	<u>0.00</u>	<u>438,954.99</u>	<u>848,324.15</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(475,561.57)</u>	<u>(19,327.20)</u>	<u>(727,850.25)</u>	<u>(1,222,739.02)</u>
OTHER FINANCING SOURCES				
Transfers in	832,300.00	59,125.00	1,312,956.00	2,204,381.00
Transfers out	<u>(11,978.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(11,978.00)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>820,322.00</u>	<u>59,125.00</u>	<u>1,312,956.00</u>	<u>2,192,403.00</u>
CHANGE IN FUND BALANCE	344,760.43	39,797.80	585,105.75	969,663.98
FUND BALANCE, JANUARY 1	<u>3,332,503.80</u>	<u>419,256.30</u>	<u>7,930,030.28</u>	<u>11,681,790.38</u>
FUND BALANCE, DECEMBER 31	<u>\$ 3,677,264.23</u>	<u>459,054.10</u>	<u>8,515,136.03</u>	<u>12,651,454.36</u>

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, 2022

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
ASSETS		
Cash	\$ 201,884.87	80,222.09
Investments	0.00	223,463.20
Prepaid items	9,818.26	0.00
Deposits	0.00	0.00
Due from other funds	0.00	0.00
Interest receivable	0.00	0.00
Vehicles - net	0.00	13,049.98
	<u> </u>	<u> </u>
TOTAL ASSETS	\$ <u>211,703.13</u>	<u>316,735.27</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts payable	\$ 6,192.74	538.48
Due to other funds	0.00	0.00
Due to individuals	0.00	0.00
Accrued liabilities	0.00	0.00
	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>6,192.74</u>	<u>538.48</u>
NET POSITION		
Net investment in capital assets	0.00	13,049.98
Restricted for employee benefits	0.00	0.00
Unrestricted	205,510.39	303,146.81
	<u> </u>	<u> </u>
TOTAL NET POSITION	<u>205,510.39</u>	<u>316,196.79</u>
TOTAL LIABILITIES AND NET POSITION	\$ <u>211,703.13</u>	<u>316,735.27</u>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH, LIFE, AND PENSION	TOTAL
104,407.28	14,359.20	977,809.20	1,378,682.64
0.00	1,225,255.92	15,713,747.37	17,162,466.49
0.00	0.00	2,230.92	12,049.18
2,111,620.62	0.00	0.00	2,111,620.62
725.56	0.00	16,773.97	17,499.53
0.00	3,964.41	27,169.50	31,133.91
0.00	0.00	0.00	13,049.98
<u>2,216,753.46</u>	<u>1,243,579.53</u>	<u>16,737,730.96</u>	<u>20,726,502.35</u>
935.00	1,339.28	15,750.00	24,755.50
16,773.97	0.00	0.00	16,773.97
0.00	0.00	743.64	743.64
<u>183,024.12</u>	<u>29,751.00</u>	<u>30,892.56</u>	<u>243,667.68</u>
<u>200,733.09</u>	<u>31,090.28</u>	<u>47,386.20</u>	<u>285,940.79</u>
0.00	0.00	0.00	13,049.98
2,016,020.37	1,212,489.25	16,690,344.76	19,918,854.38
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>508,657.20</u>
<u>2,016,020.37</u>	<u>1,212,489.25</u>	<u>16,690,344.76</u>	<u>20,440,561.56</u>
<u>2,216,753.46</u>	<u>1,243,579.53</u>	<u>16,737,730.96</u>	<u>20,726,502.35</u>

Mason County, Michigan
Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2022

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
OPERATING REVENUES		
Charges for services	\$ 104,703.33	0.00
Equipment rental	0.00	21,697.41
Other	0.00	0.00
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	104,703.33	21,697.41
	<hr/>	<hr/>
OPERATING EXPENSES		
Claims and benefits	0.00	0.00
Salaries and benefits	20,871.65	0.00
Contracted services	72,280.76	150.00
Utilities	88.42	0.00
Operating expense	19,848.95	10,982.52
Depreciation	0.00	4,299.98
Repairs and maintenance	0.00	2,306.12
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	113,089.78	17,738.62
	<hr/>	<hr/>
OPERATING INCOME (LOSS)	(8,386.45)	3,958.79
	<hr/>	<hr/>
NONOPERATING INCOME		
Interest	0.00	1,312.87
Unrealized gain (loss) on investments	0.00	0.00
	<hr/>	<hr/>
TOTAL NONOPERATING INCOME	0.00	1,312.87
	<hr/>	<hr/>
INCOME (LOSS) BEFORE TRANSFERS	(8,386.45)	5,271.66
	<hr/>	<hr/>
TRANSFERS IN	0.00	0.00
	<hr/>	<hr/>
CHANGE IN NET POSITION	(8,386.45)	5,271.66
	<hr/>	<hr/>
NET POSITION, JANUARY 1	213,896.84	310,925.13
	<hr/>	<hr/>
NET POSITION, DECEMBER 31	\$ 205,510.39	316,196.79
	<hr/> <hr/>	<hr/> <hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH, LIFE, AND PENSION	TOTAL
0.00	0.00	0.00	104,703.33
0.00	0.00	0.00	21,697.41
<u>1,485.97</u>	<u>0.00</u>	<u>0.00</u>	<u>1,485.97</u>
<u>1,485.97</u>	<u>0.00</u>	<u>0.00</u>	<u>127,886.71</u>
35,693.30	66,965.80	(107,223.76)	(4,564.66)
0.00	2,275.11	0.00	23,146.76
418.00	3,304.67	35,300.00	111,453.43
0.00	0.00	0.00	88.42
8,602.36	1,574.14	0.00	41,007.97
0.00	0.00	0.00	4,299.98
<u>27,210.42</u>	<u>0.00</u>	<u>0.00</u>	<u>29,516.54</u>
<u>71,924.08</u>	<u>74,119.72</u>	<u>(71,923.76)</u>	<u>204,948.44</u>
<u>(70,438.11)</u>	<u>(74,119.72)</u>	<u>71,923.76</u>	<u>(77,061.73)</u>
57,174.86	15,434.12	330,164.72	404,086.57
<u>0.00</u>	<u>(59,115.58)</u>	<u>(65,331.85)</u>	<u>(124,447.43)</u>
<u>57,174.86</u>	<u>(43,681.46)</u>	<u>264,832.87</u>	<u>279,639.14</u>
<u>(13,263.25)</u>	<u>(117,801.18)</u>	<u>336,756.63</u>	<u>202,577.41</u>
<u>45,000.00</u>	<u>15,400.00</u>	<u>731,550.00</u>	<u>791,950.00</u>
31,736.75	(102,401.18)	1,068,306.63	994,527.41
<u>1,984,283.62</u>	<u>1,314,890.43</u>	<u>15,622,038.13</u>	<u>19,446,034.15</u>
<u>2,016,020.37</u>	<u>1,212,489.25</u>	<u>16,690,344.76</u>	<u>20,440,561.56</u>

Mason County, Michigan
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022

	COMPUTER NETWORK	DPW REVOLVING EQUIPMENT
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (8,386.45)	3,958.79
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	0.00	4,299.98
(Increase) decrease in current assets		
Interest receivable	0.00	0.00
Due from other funds	0.00	0.00
Due from individuals	0.00	0.00
Prepaid items	(2,166.93)	0.00
Deposits	0.00	0.00
Increase (decrease) in current liabilities		
Accounts payable	5,750.89	496.85
Due to other funds	0.00	0.00
Due to individuals	0.00	0.00
Accrued expenses	0.00	0.00
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(4,802.49)	8,755.62
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Advances to other funds	0.00	0.00
Transfers in	0.00	0.00
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	0.00	0.00
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in investments	0.00	(44,569.19)
Unrealized gain (loss) on investments	0.00	0.00
Interest received	0.00	1,312.87
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	0.00	(43,256.32)
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,802.49)	(34,500.70)
CASH AND CASH EQUIVALENTS, JANUARY 1	206,687.36	114,722.79
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 201,884.87	80,222.09
	<hr/>	<hr/>

SELF INSURANCE LIABILITY	SELF INSURANCE WORKERS COMP	SELF INSURANCE HEALTH, LIFE, AND PENSION	TOTAL
(70,438.11)	(74,119.72)	71,923.76	(77,061.73)
0.00	0.00	0.00	4,299.98
0.00	(3,358.76)	(22,686.91)	(26,045.67)
(217.70)	0.00	(16,773.97)	(16,991.67)
0.00	0.00	0.04	0.04
0.00	22,790.30	(1,438.36)	19,185.01
12,811,954.52	0.00	0.00	12,811,954.52
935.00	1,251.50	15,747.08	24,181.32
16,773.97	0.00	0.00	16,773.97
0.00	0.00	743.64	743.64
30,934.90	21,717.00	679.41	53,331.31
<u>12,789,942.58</u>	<u>(31,719.68)</u>	<u>48,194.69</u>	<u>12,810,370.72</u>
(12,792,842.39)	0.00	12,792,842.39	0.00
45,000.00	15,400.00	731,550.00	791,950.00
<u>(12,747,842.39)</u>	<u>15,400.00</u>	<u>13,524,392.39</u>	<u>791,950.00</u>
0.00	(640,804.51)	(13,829,299.81)	(14,514,673.51)
0.00	(59,115.58)	(65,331.85)	(124,447.43)
57,174.86	15,434.12	330,164.72	404,086.57
<u>57,174.86</u>	<u>(684,485.97)</u>	<u>(13,564,466.94)</u>	<u>(14,235,034.37)</u>
99,275.05	(700,805.65)	8,120.14	(632,713.65)
5,132.23	715,164.85	969,689.06	2,011,396.29
<u>104,407.28</u>	<u>14,359.20</u>	<u>977,809.20</u>	<u>1,378,682.64</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, 2022

	PARK OPERATIONS	PUBLIC WORKS	AIRPORT
ASSETS			
Cash	\$ 250,183.54	701,111.57	495,394.91
Investments	296,774.15	822,396.79	917,809.38
Taxes receivable	0.00	0.00	0.00
Delinquent taxes receivable	0.00	0.00	0.00
Accounts receivable	0.00	40,448.25	463.35
Lease receivable - current portion	0.00	96,260.00	0.00
Interest receivable	3,160.81	1,769.90	0.00
Due from federal	0.00	0.00	16,349.58
Due from state	0.00	0.00	0.00
Due from other units	0.00	44,333.66	0.00
Inventory	0.00	0.00	23,893.22
Prepaid items	0.00	1,719.90	10,781.17
TOTAL CURRENT ASSETS	550,118.50	1,708,040.07	1,464,691.61
NONCURRENT ASSETS			
Lease receivable	0.00	1,675,546.13	0.00
Capital assets - net	303,886.61	598,326.42	1,832,265.48
TOTAL NONCURRENT ASSETS	303,886.61	2,273,872.55	1,832,265.48
TOTAL ASSETS	854,005.11	3,981,912.62	3,296,957.09
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows (Pension and OPEB)	0.00	0.00	0.00
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 854,005.11	3,981,912.62	3,296,957.09
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 2,858.37	60,754.13	6,673.53
Accrued expenses	160.00	0.00	1,280.23
Due to individuals	860.00	0.00	200.00
Due to other funds	0.00	0.00	0.00
Compensated absences	0.00	0.00	1,486.85
Advances from other funds	0.00	1,771,806.13	0.00
Net pension liability	0.00	0.00	0.00
Due to other units	0.00	0.00	0.00
TOTAL LIABILITIES	3,878.37	1,832,560.26	9,640.61
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows (Pension and OPEB)	0.00	0.00	0.00
Unearned revenue	9,196.00	0.00	0.00
TOTAL DEFERRED INFLOWS	9,196.00	0.00	0.00
NET POSITION			
Net investment in capital assets	303,886.61	598,326.42	1,832,265.48
Unrestricted	537,044.13	1,551,025.94	1,455,051.00
TOTAL NET POSITION	840,930.74	2,149,352.36	3,287,316.48
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 854,005.11	3,981,912.62	3,296,957.09

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
389,331.63	4,063,107.92	902,281.44	6,801,411.01
4,470,681.66	8,134,211.34	0.00	14,641,873.32
0.00	2,098,211.34	0.00	2,098,211.34
994,748.29	0.00	0.00	994,748.29
0.00	91,680.56	0.00	132,592.16
0.00	0.00	0.00	96,260.00
13,490.75	18,043.81	0.00	36,465.27
0.00	80,868.96	0.00	97,218.54
0.00	642,488.03	0.00	642,488.03
18,420.49	2,133.27	50.00	64,937.42
0.00	0.00	0.00	23,893.22
3,134.83	0.00	0.00	15,635.90
<u>5,889,807.65</u>	<u>15,130,745.23</u>	<u>902,331.44</u>	<u>25,645,734.50</u>
0.00	0.00	0.00	1,675,546.13
<u>0.00</u>	<u>4,052,128.73</u>	<u>0.00</u>	<u>6,786,607.24</u>
0.00	4,052,128.73	0.00	8,462,153.37
<u>5,889,807.65</u>	<u>19,182,873.96</u>	<u>902,331.44</u>	<u>34,107,887.87</u>
0.00	3,979,207.00	0.00	3,979,207.00
<u>5,889,807.65</u>	<u>23,162,080.96</u>	<u>902,331.44</u>	<u>38,087,094.87</u>
0.00	137,212.62	7,726.40	215,225.05
0.00	540,734.96	0.00	542,175.19
1,188.93	32,760.57	57,063.74	92,073.24
0.00	0.00	725.56	725.56
0.00	337,035.64	0.00	338,522.49
0.00	0.00	0.00	1,771,806.13
0.00	6,596,813.00	0.00	6,596,813.00
720.00	0.00	0.00	720.00
<u>1,908.93</u>	<u>7,644,556.79</u>	<u>65,515.70</u>	<u>9,558,060.66</u>
0.00	1,207,979.00	0.00	1,207,979.00
<u>0.00</u>	<u>2,966,105.63</u>	<u>0.00</u>	<u>2,975,301.63</u>
0.00	4,174,084.63	0.00	4,183,280.63
0.00	4,052,128.73	0.00	6,786,607.24
<u>5,887,898.72</u>	<u>7,291,310.81</u>	<u>836,815.74</u>	<u>17,559,146.34</u>
<u>5,887,898.72</u>	<u>11,343,439.54</u>	<u>836,815.74</u>	<u>24,345,753.58</u>
<u>5,889,807.65</u>	<u>23,162,080.96</u>	<u>902,331.44</u>	<u>38,087,094.87</u>

Mason County, Michigan
Combining Statement of Revenues, Expenses and
Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2022

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
OPERATING REVENUES			
Charges for services	\$ 142,071.00	182,904.18	266,675.98
Rentals	0.00	0.00	37,691.61
Reimbursements	0.00	231,517.55	17,112.58
Administration fees and penalties	0.00	0.00	0.00
Other	47,769.18	0.00	2,941.52
TOTAL REVENUES	<u>189,840.18</u>	<u>414,421.73</u>	<u>324,421.69</u>
OPERATING EXPENSES			
Salary and benefits	65,266.87	0.00	144,442.60
Contracted services	3,509.92	50,496.61	29,825.90
Repairs and maintenance	34,530.15	256.25	36,704.43
Utilities and telephone	16,834.95	14,529.90	35,436.04
Depreciation	22,595.04	40,440.38	99,212.43
Other operating expenses	22,891.83	233,586.78	225,519.75
TOTAL EXPENSES	<u>165,628.76</u>	<u>339,309.92</u>	<u>571,141.15</u>
OPERATING INCOME (LOSS)	<u>24,211.42</u>	<u>75,111.81</u>	<u>(246,719.46)</u>
NONOPERATING INCOME (EXPENSE)			
Investment interest	11,950.68	25,160.14	14,844.73
Interest and fees	0.00	(61,419.43)	0.00
State and federal Grants	0.00	0.00	13,000.00
Unrealized gain (loss) on investments	495.02	(39,127.40)	(72,257.48)
Property taxes	0.00	0.00	0.00
TOTAL NONOPERATING INCOME (EXPENSE)	<u>12,445.70</u>	<u>(75,386.69)</u>	<u>(44,412.75)</u>
INCOME BEFORE TRANSFERS	<u>36,657.12</u>	<u>(274.88)</u>	<u>(291,132.21)</u>
TRANSFERS IN (OUT)			
Transfers in	0.00	0.00	226,778.00
CHANGES IN NET POSITION	36,657.12	(274.88)	(64,354.21)
NET POSITION, JANUARY 1	<u>804,273.62</u>	<u>2,149,627.24</u>	<u>3,351,670.69</u>
NET POSITION, DECEMBER 31	<u>\$ 840,930.74</u>	<u>2,149,352.36</u>	<u>3,287,316.48</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
242,445.38	10,013,594.59	374,211.20	11,221,902.33
0.00	0.00	0.00	37,691.61
949.98	0.00	0.00	249,580.11
111,001.15	0.00	0.00	111,001.15
0.00	26,023.17	0.00	76,733.87
<u>354,396.51</u>	<u>10,039,617.76</u>	<u>374,211.20</u>	<u>11,696,909.07</u>
0.00	10,199,336.64	0.00	10,409,046.11
5,374.00	419,524.99	42,223.07	550,954.49
0.00	84,494.33	0.00	155,985.16
0.00	249,439.55	0.00	316,240.44
0.00	242,292.76	0.00	404,540.61
8,427.14	2,389,879.72	28,645.29	2,908,950.51
<u>13,801.14</u>	<u>13,584,967.99</u>	<u>70,868.36</u>	<u>14,745,717.32</u>
<u>340,595.37</u>	<u>(3,545,350.23)</u>	<u>303,342.84</u>	<u>(3,048,808.25)</u>
52,887.93	137,225.26	10,758.54	252,827.28
0.00	0.00	0.00	(61,419.43)
0.00	0.00	0.00	13,000.00
(214,241.96)	(385,259.06)	0.00	(710,390.88)
0.00	2,230,820.73	0.00	2,230,820.73
<u>(161,354.03)</u>	<u>1,982,786.93</u>	<u>10,758.54</u>	<u>1,724,837.70</u>
<u>179,241.34</u>	<u>(1,562,563.30)</u>	<u>314,101.38</u>	<u>(1,323,970.55)</u>
0.00	0.00	0.00	226,778.00
179,241.34	(1,562,563.30)	314,101.38	(1,097,192.55)
<u>5,708,657.38</u>	<u>12,906,002.84</u>	<u>522,714.36</u>	<u>25,442,946.13</u>
<u><u>5,887,898.72</u></u>	<u><u>11,343,439.54</u></u>	<u><u>836,815.74</u></u>	<u><u>24,345,753.58</u></u>

Mason County, Michigan
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2022

	PARK OPERATIONS	PUBLIC WORKS OPERATION AND MAINTENANCE	AIRPORT
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 24,211.42	75,111.81	(246,719.46)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	22,595.04	40,440.38	99,212.43
(Increase) decrease in current assets			
Accounts receivable	0.00	(1,911.43)	1,547.92
Inventory	0.00	0.00	(4,355.04)
Taxes receivable	0.00	0.00	0.00
Interest receivable	(2,462.40)	437.35	0.00
Prepaid items	0.00	(1,719.90)	559.62
Due from other units	0.00	1,746.76	(16,349.58)
Deferred outflows	0.00	0.00	0.00
Increase (decrease) in current liabilities			
Deferred inflows	0.00	0.00	0.00
Due to individuals	50.00	0.00	688.45
Due to other units	0.00	0.00	0.00
Due to other funds	0.00	(5,180.91)	0.00
Accrued expenses	8.00	0.00	(97.26)
Accounts payable	1,684.52	(5,874.49)	(11,780.30)
Unearned revenue	2,952.00	0.00	0.00
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>49,038.58</u>	<u>103,049.57</u>	<u>(177,293.22)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Lease receivable	0.00	92,195.00	0.00
Interest paid	0.00	(61,419.43)	0.00
Capital purchases	<u>(6,768.75)</u>	<u>(7,045.02)</u>	<u>(30,508.45)</u>
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(6,768.75)</u>	<u>23,730.55</u>	<u>(30,508.45)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	0.00	0.00	226,778.00
Advances from other funds	0.00	(92,195.00)	0.00
Operating grants	0.00	0.00	13,000.00
Property taxes	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES	<u>0.00</u>	<u>(92,195.00)</u>	<u>239,778.00</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in investments	28,958.98	358,698.05	(108,373.90)
Unrealized gain on investments	495.02	(39,127.40)	(72,257.48)
Interest received	<u>11,950.68</u>	<u>25,160.14</u>	<u>14,844.73</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>41,404.68</u>	<u>344,730.79</u>	<u>(165,786.65)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	83,674.51	379,315.91	(133,810.32)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>166,509.03</u>	<u>321,795.66</u>	<u>629,205.23</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 250,183.54</u>	<u>701,111.57</u>	<u>495,394.91</u>

DELINQUENT TAX REVOLVING	MEDICAL CARE FACILITY	DELINQUENT TAX FORECLOSURE	TOTAL
340,595.37	(3,545,350.23)	303,342.84	(3,048,808.25)
0.00	242,292.76	0.00	404,540.61
0.00	7,436.78	0.00	7,073.27
0.00	0.00	0.00	(4,355.04)
(60,983.59)	(77,258.07)	0.00	(138,241.66)
(4,520.24)	(505.46)	0.00	(7,050.75)
(100.03)	42,195.70	0.00	40,935.39
(11,048.99)	(115,038.59)	120.00	(140,570.40)
0.00	(2,203,765.00)	0.00	(2,203,765.00)
0.00	(571,377.00)	0.00	(571,377.00)
1,044.83	(1,457.14)	57,063.74	57,389.88
(47.24)	0.00	0.00	(47.24)
0.00	0.00	217.70	(4,963.21)
0.00	3,466,962.44	0.00	3,466,873.18
(479.94)	(116,685.24)	5,276.08	(127,859.37)
0.00	945,152.36	0.00	948,104.36
<u>264,460.17</u>	<u>(1,927,396.69)</u>	<u>366,020.36</u>	<u>(1,322,121.23)</u>
0.00	0.00	0.00	92,195.00
0.00	0.00	0.00	(61,419.43)
0.00	(222,169.47)	0.00	(266,491.69)
<u>0.00</u>	<u>(222,169.47)</u>	<u>0.00</u>	<u>(235,716.12)</u>
0.00	0.00	0.00	226,778.00
0.00	0.00	0.00	(92,195.00)
0.00	0.00	0.00	13,000.00
0.00	2,230,820.73	0.00	2,230,820.73
<u>0.00</u>	<u>2,230,820.73</u>	<u>0.00</u>	<u>2,378,403.73</u>
220,907.34	509,118.37	0.00	1,009,308.84
(214,241.96)	(385,259.06)	0.00	(710,390.88)
52,887.93	137,225.26	10,758.54	252,827.28
<u>59,553.31</u>	<u>261,084.57</u>	<u>10,758.54</u>	<u>551,745.24</u>
324,013.48	342,339.14	376,778.90	1,372,311.62
<u>65,318.15</u>	<u>3,720,768.78</u>	<u>525,502.54</u>	<u>5,429,099.39</u>
<u>389,331.63</u>	<u>4,063,107.92</u>	<u>902,281.44</u>	<u>6,801,411.01</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, Probate Court Trust, and Promise Zone Authority Fund.

Mason County, Michigan
Combining Statement of Fiduciary Net Position
Custodial
December 31, 2022

	TRUST AND AGENCY	CURRENT TAX COLLECTIONS	LIBRARY PENAL	DISTRICT #10 HEALTH DEPARTMENT	PROMISE ZONE AUTHORITY	TOTAL
ASSETS						
Cash & Cash Equivalents	\$ 997,071.06	333,462.15	54.79	390,703.48	251,974.58	1,973,266.06
Investments	0.00	0.00	0.00	10,031,568.66	1,248,228.00	11,279,796.66
Accounts Receivable	0.00	0.00	0.00	0.00	360,320.74	360,320.74
Pledges Receivable	0.00	0.00	0.00	0.00	5,000.00	5,000.00
Interest Receivable	0.00	0.00	0.00	21,063.47	6,916.71	27,980.18
Prepaid Expenses	0.00	0.00	0.00	0.00	2,260.26	2,260.26
TOTAL ASSETS	997,071.06	333,462.15	54.79	10,443,335.61	1,874,700.29	13,648,623.90
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Due to State of Michigan	138,560.84	0.00	0.00	0.00	0.00	138,560.84
Accounts payable	34.34	0.00	0.00	0.00	177,353.07	177,387.41
Bonds payable	65,542.00	0.00	0.00	0.00	0.00	65,542.00
Restitution payable	17,879.66	0.00	0.00	0.00	0.00	17,879.66
Undistributed taxes	743,950.88	333,462.15	0.00	0.00	0.00	1,077,413.03
Due to other units	623.20	0.00	54.79	0.00	0.00	677.99
Other current liabilities	30,480.14	0.00	0.00	0.00	0.00	30,480.14
TOTAL LIABILITIES	997,071.06	333,462.15	54.79	0.00	177,353.07	1,507,941.07
NET POSITION						
Restricted	\$ 0.00	0.00	0.00	10,443,335.61	1,697,347.22	12,140,682.83

SINGLE AUDIT

**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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Mason, Michigan (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 30, 2023. Our report includes a reference to other auditors who audited the financial statements of the Mason County Road Commission as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly we do not express an opinion on the effectiveness of the County'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 financial statements. 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

East Lansing, Michigan
June 30, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

Board of Commissioners
County of Mason, Michigan
Ludington, Michigan

Report on Compliance for Each Major Federal Program**Opinion on Each Major Federal Program**

We have audited the County of Mason, Michigan's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to the financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements on Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of Mason, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark, Schaefer, Hackett & Co.

East Lansing, Michigan
June 30, 2023

Mason County, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE NUMBER	ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY NUMBER	FEDERAL EXPENDITURE
<u>U.S. Department of Agriculture</u>			
<i>Passed through the Michigan Department of State Natural Resource and Environment</i>			
Forest Service Schools and Roads Cluster:			
National Forest Royalties	10.665	Public Act 182 of 1990	\$ 1,137.37
Schools and Road - State	10.665	Public Act 182 of 1990	<u>24,637.56</u>
Total U.S. Department of Agriculture			<u>25,774.93</u>
<u>U.S. Department of Justice</u>			
<i>Passed through the Michigan Department of State Police</i>			
COVID-19: Coronavirus Emergency Supplemental Funding (CESF) Grant	16.034	CESF-2022-026	3,360.57
<i>Direct</i>			
Bulletproof Vest Partnership	16.607	N/A	<u>5,266.50</u>
Total U.S. Department of Justice			<u>8,627.07</u>
<u>U.S. Department of Transportation</u>			
<i>Passed through the Michigan Department of Transportation</i>			
COVID-19: CARES Act Operational Grant Funding	20.106	3-26-SBGP-117-2020	13,000.00
<i>Passed through the Michigan Department of State Police</i>			
Hazardous Materials Emergency Preparedness Planning Grant Program	20.703	693JK31940022HMEP	<u>2,252.05</u>
Total U.S. Department of Transportation			<u>15,252.05</u>

See Notes to the Schedule of Expenditures of Federal Awards

Mason County, Michigan
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

FEDERAL/GRANTOR/ PASS THROUGH GRANTOR PROGRAM TITLE NUMBER	ASSISTANCE LISTING NUMBER	PASS THROUGH ENTITY NUMBER	FEDERAL EXPENDITURE
<u>U.S. Department of Health and Human Services</u>			
<i>Passed through the Michigan Family Independence Agency</i>			
Child Support Enforcement	93.563	CSPA-17-53002 CSFOC-17-53001	\$ 48,386.17 <u>294,196.07</u> 342,582.24
Title IV-D Incentive Program	93.563	INCENTIVE	<u>31,697.00</u>
Total Child Support Enforcement			<u>374,279.24</u>
Total U.S. Department of Health and Human Services			<u>374,279.24</u>
<u>U.S. Department of Treasury</u>			
<i>Direct</i>			
COVID-19 American Rescue Plan Act (ARPA)	21.027	SLT-1891	5,660,880.00
COVID-19 Local Assistance and Tribal Consistency Fund (LATCF)	21.032	LATF-1145 2022	<u>144,845.19</u>
Total U.S. Department of Treasury			<u>5,805,725.19</u>
<u>U.S. Department of Homeland Security</u>			
<i>Passed through the Michigan Department of State Police</i>			
Emergency Management Performance Grants	97.042	EMC-2022-EP-00003	28,082.64
Homeland Security Grant Program	97.067	N/A	<u>52,668.81</u>
Total U.S. Department of Homeland Security			<u>80,751.45</u>
Total Expenditures of Federal Awards			\$ <u>6,310,409.93</u>

See Notes to the Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION:

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of Mason County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Uniform Guidance*. The County has elected not to use the de minimis 10% allocation.

2. RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

Federal/State revenue (per financial statements)	\$8,643,237.57
Add: USDA Federal Funds Forest Service pass through funds	25,774.93
Less: Portions of grant funding considered "State" funding	(<u>2,358,602.57</u>)
	<u>\$6,310,409.93</u>

Section I – Summary of Auditors' Results

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness identified? ☐ Yes ☒ No

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? ☐ Yes ☒ No

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with
Title 2 CFR Section 200.516(a)? ☐ Yes ☒ No

Identification of major programs:

ASSISTANCE LISTING NUMBER	NAME OF FEDERAL PROGRAM OR CLUSTER
21.027	COVID 19 American Rescue Plan Act (ARPA)

Dollar threshold for distinguish between Type A and Type B Programs? \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Findings and Questioned Costs

NONE

Section III – Federal Award Findings and Questioned Costs

NONE

