

County of Benzie, Michigan

BASIC FINANCIAL STATEMENTS

September 30, 2018

BENZIE COUNTY, MICHIGAN

ORGANIZATION

MEMBERS OF THE COUNTY COMMISSION

CHAIR PERSON	GARY SAUER
VICE CHAIR PERSON	EVAN WARSECKE
COMMISSIONER	BOB ROELOFS
COMMISSIONER	COURY CARLAND
COMMISSIONER	LINDA FARRELL
COMMISSIONER	SHERRY TAYLOR
COMMISSIONER	ART JEANNOT

APPOINTED/ELECTED OFFICIALS

COUNTY ADMINISTRATOR	MITCH DEISCH
COUNTY TREASURER	MICHELLE THOMPSON
COUNTY CLERK	DAWN OLNEY

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners
County of Benzie, Michigan
448 Court Place
Beulah, Michigan 49617

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Benzie, Michigan, as of and for the year ending September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Benzie Transportation Authority, which represents 12 percent, 15 percent, and 22 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the County Medical Care Facility, which represents 68 percent, 57 percent, and 85 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Benzie Transportation Authority and the County Medical Care Facility are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the County Medical Care Facility were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Chairman and Members
of the Board of Commissioners
County of Benzie, Michigan

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Benzie, Michigan, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefits systems and budgetary comparison schedules on pages 4 through 9, pages 65 through 67, and pages 68 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Benzie, Michigan's basic financial statements. The combining nonmajor fund financial statements and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.


Honorable Chairman and Members
of the Board of Commissioners
County of Benzie, Michigan

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2019 on our consideration of the County of Benzie, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe 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 Benzie, Michigan'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 Benzie, Michigan's internal control over financial reporting and compliance.


Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

March 4, 2019

Management's Discussion and Analysis

As managers of the County of Benzie, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2018. We encourage readers to consider the information presented here, in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- Net position for the County was reported at \$27,828,384 for 2017 and was \$28,273,763 for 2018, an increase of 1.6%. For 2018, net position for our business-type activities was \$16,423,086 or 58% of total net position, while net position in our governmental activities was \$11,850,677 or 42% of total net position.
- At September 30, 2018, Benzie County's governmental funds report a combined fund balance of \$4,673,883 compared to \$4,792,721 in 2017.
- At September 30, 2018, the fund balance for the general fund was \$1,947,626 with \$17,863 nonspendable for prepaid items.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information and 5) other information.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include Legislative, Judicial, General Government, Public Safety, Public Works, Health and Welfare, and Culture and Recreation. The business-type activities of the County include the County Medical Care Facility, Delinquent Tax Revolving, and Emergency Medical Services funds.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Component Units include the Benzie County Road Commission, Benzie/Leelanau District Health Department, Benzie Transportation Authority, and Benzie Economic Development Corporation. Financial information for component units are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-11 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement on revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains many individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General and Jail Operations, each of which are considered to be major funds. Data from the other 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 this report.

The County adopts an annual appropriated budget for its general and special revenue funds.

The governmental fund financial statements can be found on pages 12-14 of this report.

Proprietary funds. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Services for which the County charges customers a fee are generally reported in proprietary funds. The County Medical Care Facility, Delinquent Tax Revolving, and Emergency Medical Services are reported as major proprietary funds.

The proprietary fund financial statements can be found on pages 15-17 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 18 of this report.

Notes to the financial statements. The notes provide additional information that is essential to fully understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-64 of this report.

Required Supplementary Information. Required supplementary information related to the County's pension and health plans can be found on pages 65-67 and budgetary comparison information related to the County's major governmental funds can be found on pages 68-70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other information. This includes the combining nonmajor fund financial statements. Combining nonmajor fund financial statements can be found on pages 71-87 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Benzie County, net position exceeded liabilities by \$14,152,265 at the close of the most recent fiscal year.

Benzie County Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current Assets	\$ 6,135,153	\$ 6,103,867	\$ 9,434,478	\$ 10,331,199	\$ 15,569,631	\$ 16,435,066
Capital Assets	11,314,373	11,041,656	14,663,330	14,228,296	25,977,703	25,269,952
Total Assets	17,449,526	17,145,523	24,097,808	24,559,495	41,547,334	41,705,018
Deferred Outflows of Resources	1,246,787	721,720	966,338	620,527	2,213,125	1,342,247
Current Liabilities	623,955	568,395	1,205,600	1,220,025	1,829,555	1,788,420
Noncurrent Liabilities	5,771,023	5,143,430	8,175,215	7,189,648	13,946,238	12,333,078
Total Liabilities	6,394,978	5,711,825	9,380,815	8,409,673	15,775,793	14,121,498
Deferred Inflows of Resources	-	304,741	156,282	347,263	156,282	652,004
Net Position						
Net Investment in Capital Assets	11,150,212	11,020,962	8,858,662	8,848,701	20,008,874	19,869,663
Restricted	2,477,301	2,154,645	-	49,740	2,477,301	2,204,385
Unrestricted	(1,326,178)	(1,324,930)	6,668,387	7,524,645	5,342,209	6,199,715
Total Net Position	\$ 12,301,335	\$ 11,850,677	\$ 15,527,049	\$ 16,423,086	\$ 27,828,384	\$ 28,273,763

A large portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition to the net position invested in capital assets, certain other restrictions on use of net position apply due primarily to legal guidelines. The restricted net position total was \$2,204,385. The remaining balance of unrestricted net position of \$6,199,715 may be used to meet the government's ongoing obligations to citizens and creditors.

**Benzie County
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Program Revenues						
Charges for Services	\$ 3,493,336	\$ 3,026,900	\$ 8,967,445	\$ 10,679,164	\$ 12,460,781	\$ 13,706,064
Operating Grants and Contributions	937,835	771,927	-	-	937,835	771,927
Capital Grants and Contributions	139,072	63,481	3,222,817	-	3,361,889	63,481
General Revenues						
Property Taxes	7,426,728	7,651,364	2,132,833	2,180,337	9,559,561	9,831,701
State Revenue Sharing	343,100	346,531	-	-	343,100	346,531
Investment Earnings - Unrestricted	7,833	24,366	18,443	49,817	26,276	74,183
Other Revenue	108,902	138,198	-	-	108,902	138,198
Total Revenues	12,456,806	12,022,767	14,341,538	12,909,318	26,798,344	24,932,085
Program Expenses						
Legislative	92,509	90,972	-	-	92,509	90,972
Judicial	1,073,126	1,040,511	-	-	1,073,126	1,040,511
General Government	2,067,387	2,726,142	-	-	2,067,387	2,726,142
Public Safety	4,422,444	4,544,935	-	-	4,422,444	4,544,935
Public Works	715,782	467,617	-	-	715,782	467,617
Health and Welfare	1,481,043	2,455,014	-	-	1,481,043	2,455,014
Recreation and Culture	48,336	48,589	-	-	48,336	48,589
Interest Expense - Unallocated	187,714	6,710	-	-	187,714	6,710
Other Expenses	1,772,717	1,389,938	-	-	1,772,717	1,389,938
County Medical Care Facility	-	-	8,368,145	10,000,794	8,368,145	10,000,794
Tax Collection	-	-	123,037	2,079	123,037	2,079
Emergency Medical Services	-	-	1,785,632	1,618,751	1,785,632	1,618,751
Nonmajor	-	-	7,528	94,654	7,528	94,654
Total Expenses	11,861,058	12,770,428	10,284,342	11,716,278	22,145,400	24,486,706
Excess (Deficiency)						
Before Transfers	595,748	(747,661)	4,057,196	1,193,040	4,652,944	445,379
Transfers	182,889	297,003	(182,889)	(297,003)	-	-
Changes in Net Position	778,637	(450,658)	3,874,307	896,037	4,652,944	445,379
Net Position - Beginning	11,522,698	12,301,335	11,652,742	15,527,049	23,175,440	27,828,384
Net Position - Ending	\$ 12,301,335	\$ 11,850,677	\$ 15,527,049	\$ 16,423,086	\$ 27,828,384	\$ 28,273,763

Financial Analysis of the Government Funds

As noted earlier, Benzie 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 accessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The County's general fund is the chief operating fund of the County. The County's ending fund balance for the general fund was \$1,947,626.

General Fund Budgetary Highlights

The General Fund realized \$200,031 more in revenues than anticipated for the fiscal year. The General Fund operations also expended \$104,082 less than appropriated. Operating Transfers In/Out were less than budgeted and resulted in a net budget variance of \$130,790.

All of the General Fund services departments expended less than the budgeted amount for departmental operations in 2018. Elected Officials and Department Heads continue to exhibit diligence across the board of keeping within budget parameters or identifying problems before they occur.

Over the course of the year the County Board amended the General Fund budget to reflect adjustments in revenues and expenditures that developed in the year.

Capital Assets and Debt Administration

Capital Assets:

At September 30, 2018 the County had \$25,269,952 invested in a range of assets. This includes a net decrease of \$707,751 from last year as additions did not exceed depreciation and deletions.

Benzie County Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 5,931,926	\$ 5,931,926	\$ 47,424	\$ 47,424	\$ 5,979,350	\$ 5,979,350
Buildings and Improvements	4,548,404	4,410,205	13,081,319	12,849,752	17,629,723	17,259,957
Land Improvements	50,415	45,148	69,270	62,088	119,685	107,236
Machinery and Equipment	783,628	654,377	1,465,317	1,269,032	2,248,945	1,923,409
Total	\$ 11,314,373	\$ 11,041,656	\$ 14,663,330	\$ 14,228,296	\$ 25,977,703	\$ 25,269,952

Additional information on the County's capital assets can be found in Note 4 on pages 31-34 of this report.

Debt Administration

At the end of fiscal year 2018, the County had outstanding bond debt in the amount of \$5,195,000. This was due to decreasing its bond debt in the amount of \$415,000. All bonds are backed by the County's full faith and credit of the government. The remainder of the County's debt is comprised of notes payable, vested employee benefits, and net pension liabilities.

Debt Administration

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Bonds	\$ 90,000	\$ -	\$ 5,520,000	\$ 5,195,000	\$ 5,610,000	\$ 5,195,000
Notes Payable	74,161	20,694	284,668	184,595	358,829	205,289
Net Pension Liability	5,617,526	5,006,945	2,647,924	2,111,385	8,265,450	7,118,330
Vested Employee Benefits	132,803	128,146	147,612	141,704	280,415	269,850
Total	<u>\$ 5,914,490</u>	<u>\$ 5,155,785</u>	<u>\$ 8,600,204</u>	<u>\$ 7,632,684</u>	<u>\$ 14,514,694</u>	<u>\$ 12,788,469</u>

Additional information on the County's long-term debt can be found in Note 6 on pages 35-38 of this report.

Economic Factors and Next Year's Budgets and Rates

One large capital project is expected to continue in FY 2018-19, notably construction with the Point Betsie Lighthouse. These projects will impact two operational departments, notably the Treasurer's office (who provides grant administration and support to the County Building Authority) and the Building Department (permits and inspections).

Benzie County's financial challenges are being addressed through a new strategic plan that will eventually provide multi-year budgeting and projections. The County will also establish processes to closely monitor capital and operational expenses. While the fiscal performance in FY 2017-18 was significantly better than expected, the concerns with personal property tax reduction, court reform and state revenue sharing, along with containing operational costs will be diligently monitored.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Benzie County, 448 Court Place, Beulah, Michigan, 49617.

Basic Financial Statements

County of Benzie, Michigan

Statement of Net Position September 30, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS:				
Cash, Equivalents and Investments - Unrestricted	\$ 3,999,901	\$ 7,607,385	\$ 11,607,286	\$ 1,982,344
Cash and Equivalents - Restricted	-	133,463	133,463	-
Receivables:				
Accounts - Net	407,310	1,397,682	1,804,992	154,812
Taxes	790,390	972,715	1,763,105	-
Interest	-	89,080	89,080	-
Loans	873,944	-	873,944	-
Prepaid Items	32,322	3,591	35,913	58,490
Due from Governmental Units	-	-	-	1,694,664
Other Assets	-	127,283	127,283	-
Inventories	-	-	-	403,545
Net Pension Asset	-	-	-	210,736
Capital Assets (Not Depreciated)	5,931,926	47,424	5,979,350	1,699,861
Capital Assets (Net of Accumulated Depreciation)	5,109,730	14,180,872	19,290,602	19,657,342
TOTAL ASSETS	17,145,523	24,559,495	41,705,018	25,861,794
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Items	721,720	620,527	1,342,247	579,440
LIABILITIES:				
Accounts Payable	464,938	506,801	971,739	204,041
Accrued Liabilities	91,102	268,090	359,192	202,027
Accrued Interest Payable	-	2,021	2,021	-
Due to Others	-	77	77	-
Advances from State	-	-	-	261,783
Notes Payable - Due within one year	12,355	443,036	455,391	33,195
Notes Payable - Due in more than one year	8,339	4,936,559	4,944,898	333,745
Other Post Employment Benefits - Due in more than one year	-	-	-	369,630
Net Pension Liability - Due in more than one year	5,006,945	2,111,385	7,118,330	4,722,447
Vested Employee Benefits - Due in more than one year	128,146	141,704	269,850	156,076
TOTAL LIABILITIES	5,711,825	8,409,673	14,121,498	6,282,944
DEFERRED INFLOWS OF RESOURCES:				
Pension Items	304,741	347,263	652,004	168,979
Other State Grants	-	-	-	234,867
TOTAL DEFERRED INFLOWS OF RESOURCES	304,741	347,263	652,004	403,846
NET POSITION:				
Net Investment in Capital Assets	11,020,962	8,848,701	19,869,663	20,990,263
Restricted	2,154,645	49,740	2,204,385	-
Unrestricted	(1,324,930)	7,524,645	6,199,715	(1,235,819)
TOTAL NET POSITION	\$ 11,850,677	\$ 16,423,086	\$ 28,273,763	\$ 19,754,444

County of Benzie, Michigan

Statement of Activities Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
Legislative	\$ 90,972	\$ -	\$ -	\$ -	\$ (90,972)	\$ -	\$ (90,972)	\$ -
Judicial	1,040,511	283,016	192,579	-	(564,916)	-	(564,916)	-
General Government	2,726,142	897,615	110,402	-	(1,718,125)	-	(1,718,125)	-
Public Safety	4,544,935	1,372,535	173,328	-	(2,999,072)	-	(2,999,072)	-
Public Works	467,617	55,895	25,722	-	(386,000)	-	(386,000)	-
Health and Welfare	2,455,014	417,839	269,896	52,231	(1,715,048)	-	(1,715,048)	-
Recreation and Culture	48,589	-	-	11,250	(37,339)	-	(37,339)	-
Interest Expense - Unallocated	6,710	-	-	-	(6,710)	-	(6,710)	-
Other Expenses	1,389,938	-	-	-	(1,389,938)	-	(1,389,938)	-
Total Governmental Activities	12,770,428	3,026,900	771,927	63,481	(8,908,120)	-	(8,908,120)	-
Business-type Activities:								
Tax Collection	2,079	278,276	-	-	-	276,197	276,197	-
Emergency Medical Services	1,618,751	1,114,841	-	-	-	(503,910)	(503,910)	-
Nonmajor	94,654	195,190	-	-	-	100,536	100,536	-
County Medical Care Facility	10,000,794	9,090,857	-	-	-	(909,937)	(909,937)	-
Total Business-type Activities	11,716,278	10,679,164	-	-	-	(1,037,114)	(1,037,114)	-
Total Primary Government	\$ 24,486,706	\$ 13,706,064	\$ 771,927	\$ 63,481	(8,908,120)	(1,037,114)	(9,945,234)	-
Component Units:								
Road Commission	\$ 5,170,642	\$ 809,593	\$ 3,026,412	\$ 2,892,530				1,557,893
Benzie/Leelanau Health Dept.	3,172,600	1,000,199	1,329,999	-				(842,402)
Benzie Transportation Authority	1,762,156	157,439	990,168	248,919				(365,630)
Economic Development Corporation	34,715	3,731	-	-				(30,984)
Total Component Units	10,140,113	1,970,962	5,346,579	3,141,449				318,877
Total	\$ 34,626,819	\$ 15,677,026	\$ 6,118,506	\$ 3,204,930				
General Revenues and Transfers:								
Taxes - Real and Personal					7,651,364	2,180,337	9,831,701	1,630,370
Appropriations					-	-	-	514,111
State Revenue Sharing					346,531	-	346,531	-
Investment Earnings (Loss)					24,366	49,817	74,183	18,847
Other					138,198	-	-	278,311
Gain (Loss) on Disposal					-	-	-	40,909
Transfers					297,003	(297,003)	-	-
Total General Revenues and Transfers					8,457,462	1,933,151	10,252,415	2,482,548
Changes in Net Position					(450,658)	896,037	445,379	2,801,425
Net Position - Beginning - Restated					12,301,335	15,527,049	27,828,384	16,953,019
Net Position - Ending					\$ 11,850,677	\$ 16,423,086	\$ 28,273,763	\$ 19,754,444

County of Benzie, Michigan

Balance Sheet Governmental Funds September 30, 2018

	General	Jail Operations	Nonmajor Governmental Funds	Total
ASSETS:				
Cash, Equivalents and Investments - Unrestricted	\$ 1,164,668	\$ 122,178	\$ 2,713,055	\$ 3,999,901
Receivables:				
Accounts	136,144	24,389	246,777	407,310
Taxes	790,390	-	-	790,390
Loans	-	-	873,944	873,944
Prepaid Items	17,863	8,673	5,786	32,322
Due from Other Funds	7,892	-	-	7,892
TOTAL ASSETS	\$ 2,116,957	\$ 155,240	\$ 3,839,562	\$ 6,111,759
LIABILITIES:				
Accounts Payable	\$ 109,938	\$ 35,792	\$ 319,208	\$ 464,938
Accrued Liabilities	59,393	17,548	14,161	91,102
Due to Other Funds	-	-	7,892	7,892
TOTAL LIABILITIES	169,331	53,340	341,261	563,932
DEFERRED INFLOWS:				
Unavailable Revenue	-	-	873,944	873,944
FUND BALANCES:				
Nonspendable	17,863	8,673	5,786	32,322
Restricted	4,931	93,227	2,056,487	2,154,645
Committed	-	-	114,209	114,209
Assigned	161,043	-	447,875	608,918
Unassigned	1,763,789	-	-	1,763,789
TOTAL FUND BALANCES	1,947,626	101,900	2,624,357	4,673,883
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2,116,957	\$ 155,240	\$ 3,839,562	

Reconciliation to amounts reported for governmental activities in the statement of net position:

Capital Assets used by Governmental Activities	11,041,656
Long-term Debt Payable for Governmental Activities	(20,694)
Net Pension Liability and Deferred Outflows/Inflows	(4,589,966)
Vested Employee Benefits	(128,146)
Revenues Considered Available	873,944
Net position of governmental activities	\$ 11,850,677

County of Benzie, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2018

	General	Jail Operations	Nonmajor Governmental Funds	Total
REVENUES:				
Taxes	\$ 4,498,544	\$ 1,072,566	\$ 2,080,254	\$ 7,651,364
Licenses and Permits	49,623	-	-	49,623
Federal Sources	43,323	-	135,659	178,982
State Sources	627,451	-	188,767	816,218
Local Sources	-	-	103,585	103,585
Contributions	-	-	83,154	83,154
Charges for Services	918,501	127,429	1,555,946	2,601,876
Refunds and Reimbursements	121,248	34,916	202,923	359,087
Interest and Rentals	42,213	-	120,351	162,564
Other Revenue	-	-	8,302	8,302
TOTAL REVENUES	6,300,903	1,234,911	4,478,941	12,014,755
EXPENDITURES:				
Legislative	90,972	-	-	90,972
Judicial	1,016,089	-	20,012	1,036,101
General Government	1,639,628	-	813,536	2,453,164
Public Safety	1,151,237	1,550,429	1,544,104	4,245,770
Public Works	-	-	448,160	448,160
Health and Welfare	456,937	-	1,987,610	2,444,547
Recreation and Cultural	3,835	-	23,050	26,885
Capital Outlay	25,166	-	173,183	198,349
Other Expenditures	1,486,648	-	-	1,486,648
TOTAL EXPENDITURES	5,870,512	1,550,429	5,009,655	12,430,596
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	430,391	(315,518)	(530,714)	(415,841)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	303,523	350,000	858,889	1,512,412
Operating Transfers Out	(611,173)	-	(604,236)	(1,215,409)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	122,741	34,482	(276,061)	(118,838)
FUND BALANCES, OCTOBER 1	1,824,885	67,418	2,900,418	4,792,721
FUND BALANCES, SEPTEMBER 30	\$ 1,947,626	\$ 101,900	\$ 2,624,357	\$ 4,673,883

County of Benzie, Michigan

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities Year Ended September 30, 2018

Net changes in fund balance - total governmental funds \$ (118,838)

The change in net position reported for governmental activities in the statement is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay and loss on disposal of in the current period. (272,717)

Repayment of principal is an expenditure in the governmental funds but it reduces the liability in the statement of net position.

Principal repayments:

Bonds Payable	90,000
Notes Payable	53,467

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Pension Expense and Deferred Outflows/Inflows	(219,227)
Other Revenues & Expenses	12,000
Vested Employee Benefits	4,657

Changes in net position of governmental activities	<u>\$ (450,658)</u>
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County of Benzie, Michigan

Statement of Net Position Proprietary Funds September 30, 2018

	Enterprise Funds				
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Totals
ASSETS:					
Cash, Equivalents and Investments - Unrestricted	\$ 1,699,003	\$ 4,577,214	\$ 409,267	\$ 921,901	\$ 7,607,385
Cash and Equivalents - Restricted	133,463	-	-	-	133,463
Receivables:					
Accounts - Net	1,055,151	38,868	303,663	-	1,397,682
Taxes	-	972,715	-	-	972,715
Interest	-	89,080	-	-	89,080
Prepaid Items	-	-	3,591	-	3,591
Other Assets	127,283	-	-	-	127,283
Capital Assets (Not Depreciated)	12,424	-	35,000	-	47,424
Capital Assets (Net of Accumulated Depreciation)	13,647,636	-	533,236	-	14,180,872
TOTAL ASSETS	16,674,960	5,677,877	1,284,757	921,901	24,559,495
DEFERRED OUTFLOWS OF RESOURCES					
Pension Items	512,684	-	107,843	-	620,527
LIABILITIES:					
Accounts Payable	400,147	83,200	23,454	-	506,801
Accrued Liabilities	249,183	-	18,907	-	268,090
Accrued Interest Payable	-	-	2,021	-	2,021
Due to Others	-	77	-	-	77
Vested Employee Benefits - Due in more than one year	141,704	-	-	-	141,704
Net Pension Liability - Due in more than one year	1,506,057	-	605,328	-	2,111,385
Notes Payable - Due within one year	340,000	-	103,036	-	443,036
Notes Payable - Due in more than one year	4,855,000	-	81,559	-	4,936,559
TOTAL LIABILITIES	7,492,091	83,277	834,305	-	8,409,673
DEFERRED INFLOWS OF RESOURCES:					
Pension Items	301,728	-	45,535	-	347,263
NET POSITION:					
Net Investment in Capital Assets	8,465,060	-	383,641	-	8,848,701
Restricted for Debt Service	49,740	-	-	-	49,740
Unrestricted	879,025	5,594,600	129,119	921,901	7,524,645
TOTAL NET POSITION	\$ 9,393,825	\$ 5,594,600	\$ 512,760	\$ 921,901	\$ 16,423,086

County of Benzie, Michigan

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
Year Ended September 30, 2018**

	Enterprise Funds				
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Totals
OPERATING REVENUES:					
Charges for Services	\$ 9,077,780	\$ 79,010	\$ 1,061,201	\$ 195,190	\$ 10,413,181
Interest and Rentals	-	199,266	-	-	199,266
Refunds and Reimbursements	-	-	36,251	-	36,251
Other Revenue	13,077	-	17,389	-	30,466
Total Operating Revenues	9,090,857	278,276	1,114,841	195,190	10,679,164
OPERATING EXPENSES:					
Personal Services	6,607,133	-	1,181,650	30,000	7,818,783
Contractual Services	749,855	-	52,954	-	802,809
Utilities	226,100	-	25,269	-	251,369
Repair and Maintenance	64,242	-	100,532	-	164,774
Insurance	-	-	17,469	-	17,469
Other Supplies and Expenses	1,520,214	2,079	70,871	64,654	1,657,818
Depreciation	642,850	-	162,867	-	805,717
Total Operating Expenses	9,810,394	2,079	1,611,612	94,654	11,518,739
OPERATING INCOME (LOSS)	(719,537)	276,197	(496,771)	100,536	(839,575)
NON-OPERATING REVENUES (EXPENSES):					
Interest Income	9,444	38,267	-	2,106	49,817
Interest and Fiscal Charges	(190,400)	-	(7,139)	-	(197,539)
Taxes - Real Property	1,220,692	-	959,645	-	2,180,337
Total Non-Operating Revenues (Expenses)	1,039,736	38,267	952,506	2,106	2,032,615
INCOME (LOSS) BEFORE TRANSFERS	320,199	314,464	455,735	102,642	1,193,040
Operating Transfers In	-	14,020	-	-	14,020
Operating Transfers Out	-	(245,000)	-	(66,023)	(311,023)
CHANGES IN NET POSITION	320,199	83,484	455,735	36,619	896,037
NET POSITION - BEGINNING	9,073,626	5,511,116	57,025	885,282	15,527,049
NET POSITION - ENDING	\$ 9,393,825	\$ 5,594,600	\$ 512,760	\$ 921,901	\$ 16,423,086

County of Benzie, Michigan

Statement of Cash Flows Proprietary Funds Year Ended September 30, 2018

	Enterprise Funds				
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 8,903,757	\$ 274,200	\$ 1,099,407	\$ 194,590	\$ 10,471,954
Payments to Suppliers and Employees	(9,215,345)	(10,582)	(1,627,869)	(94,654)	(10,948,450)
Internal Activity - Receipts(Payments) with Other Funds	13,077	14,236	-	-	27,313
Net Cash Provided (Used) by Operating Activities	(298,511)	277,854	(528,462)	99,936	(449,183)
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:					
Taxes - Real Property	442,708	-	-	-	442,708
Operating Transfers In	-	14,020	-	-	14,020
Operating Transfers Out	-	(245,000)	-	(66,023)	(311,023)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	442,708	(230,980)	-	(66,023)	145,705
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of Capital Assets	(125,379)	-	(44,959)	-	(170,338)
Taxes - Real Property	777,984	-	959,645	-	1,737,629
Principal Payments	(325,000)	-	(100,074)	-	(425,074)
Interest Payments	(190,400)	-	(7,139)	-	(197,539)
Net Cash Provided (Used) by Capital and Related Financing Activities	137,205	-	807,473	-	944,678
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest Income	9,444	38,267	-	2,106	49,817
Net Cash Provided (Used) by Investing Activities	9,444	38,267	-	2,106	49,817
Net Increase (Decrease) in Cash and Equivalents	290,846	85,141	279,011	36,019	691,017
Balances - Beginning of the Year	1,541,620	4,492,073	130,256	885,882	7,049,831
Balances - End of the Year	\$ 1,832,466	\$ 4,577,214	\$ 409,267	\$ 921,901	\$ 7,740,848
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (719,537)	\$ 276,197	\$ (496,771)	\$ 100,536	\$ (839,575)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	642,850	-	162,867	-	805,717
Provision for Bad Debts	4,081	-	-	-	4,081
Gain on Disposal	5,704	-	-	-	5,704
Amortization of Deferrals	78,029	-	-	-	78,029
Change in Assets and Liabilities:					
(Increase) Decrease in Assets and Deferred Outflows:					
Accounts Receivable	(173,447)	(88)	(15,434)	-	(188,969)
Taxes Receivable	-	(3,988)	-	-	(3,988)
Due from Other Funds	-	14,236	-	-	14,236
Pension Items	378,798	-	79,967	-	458,765
Increase (Decrease) in Liabilities:					
Accounts Payable	(76,580)	83,200	(169,550)	(600)	(163,530)
Accrued Liabilities	6,894	-	1,695	-	8,589
Due to Others	-	(91,703)	-	-	(91,703)
Net Pension Liability	(445,303)	-	(91,236)	-	(536,539)
Net Cash Provided (Used) by Operating Activities	\$ (298,511)	\$ 277,854	\$ (528,462)	\$ 99,936	\$ (449,183)

See accompanying notes to financial statements.

Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2018

	<u>Agency Funds</u>
ASSETS:	
Cash and Equivalents:	
Unrestricted	<u>\$ 4,361,809</u>
TOTAL ASSETS	<u><u>\$ 4,361,809</u></u>
LIABILITIES:	
Due to Others	<u>\$ 4,361,809</u>
TOTAL LIABILITIES	<u><u>\$ 4,361,809</u></u>

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Component Units

County of Benzie, Michigan

Statement of Net Position Component Units September 30, 2018

	Road Commission	Benzie/ Leelanau District Health Dept.	Benzie Transportation Authority	Economic Development Corporation	Totals
ASSETS:					
Cash and Equivalents - Unrestricted	\$ 1,584,326	\$ 86,749	\$ 308,035	\$ 3,234	\$ 1,982,344
Accounts Receivable - net	23,566	87,570	11,829	31,847	154,812
Due from Governmental Units	1,204,888	368,992	120,784	-	1,694,664
Inventories	368,271	-	35,274	-	403,545
Prepaid Items	-	52,310	6,180	-	58,490
Net Pension Asset	-	-	210,736	-	210,736
Capital Assets (Not Depreciated)	1,699,861	-	-	-	1,699,861
Capital Assets (Net of Accumulated Depreciation)	17,353,703	12,359	2,291,280	-	19,657,342
TOTAL ASSETS	22,234,615	607,980	2,984,118	35,081	25,861,794
DEFERRED OUTFLOWS OF RESOURCES:					
Pension/OPEB Investment Earnings and Contributions	444,821	59,146	75,473	-	579,440
LIABILITIES:					
Accounts Payable	158,549	14,782	30,710	-	204,041
Accrued Liabilities	98,596	70,024	33,407	-	202,027
Advances	261,783	-	-	-	261,783
Notes Payable - Due within one year	33,195	-	-	-	33,195
Notes Payable - Due in more than one year	333,745	-	-	-	333,745
Other Post Employment Benefits - Due in more than one year	369,630	-	-	-	369,630
Net Pension Liability - Due in more than one year	4,458,731	263,716	-	-	4,722,447
Vested Employee Benefits - Due in more than one year	74,370	81,706	-	-	156,076
TOTAL LIABILITIES	5,788,599	430,228	64,117	-	6,282,944
DEFERRED INFLOWS OF RESOURCES:					
Pension Investment Experience & Assumptions	45,123	16,676	107,180	-	168,979
Other State Grants	234,867	-	-	-	234,867
TOTAL DEFERRED INFLOWS OF RESOURCES	279,990	16,676	107,180	-	403,846
NET POSITION:					
Net Investment in Capital Assets	18,686,624	12,359	2,291,280	-	20,990,263
Unrestricted	(2,075,777)	207,863	597,014	35,081	(1,235,819)
TOTAL NET POSITION	\$ 16,610,847	\$ 220,222	\$ 2,888,294	\$ 35,081	\$ 19,754,444

County of Benzie, Michigan

Statement of Activities Component Units Year Ended September 30, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commisston	Benzie/ Leelanau District Health Dept.	Benzie Transportation Authority	Economic Development Corporation	Total
Road Commission									
Public Works	\$ 5,170,642	\$ 809,593	\$ 3,026,412	\$ 2,892,530	\$ 1,557,893	\$ -	\$ -	\$ -	\$ 1,557,893
Benzie/Leelanau District Health Dept.									
Health and Welfare	3,172,600	1,000,199	1,329,999	-	-	(842,402)	-	-	(842,402)
Benzie Transportation Authority									
Transportation	1,762,156	157,439	990,168	248,919	-	-	(365,630)	-	(365,630)
Economic Development Corporation									
Public Works	34,715	3,731	-	-	-	-	-	(30,984)	(30,984)
Total Component Units	<u>\$ 10,140,113</u>	<u>\$ 1,970,962</u>	<u>\$ 5,346,579</u>	<u>\$ 3,141,449</u>	<u>\$ 1,557,893</u>	<u>(842,402)</u>	<u>(365,630)</u>	<u>(30,984)</u>	<u>318,877</u>
General Revenues:									
County Appropriations					-	514,111	-	-	514,111
Taxes - Real Property					1,027,784	-	602,586	-	1,630,370
Investment Earnings					15,944	415	2,472	16	18,847
Gain (Loss) on Disposal					36,226	-	4,683	-	40,909
Other					-	278,311	-	-	278,311
Total General Revenues					<u>1,079,954</u>	<u>792,837</u>	<u>609,741</u>	<u>16</u>	<u>2,482,548</u>
Changes in Net Position					<u>2,637,847</u>	<u>(49,565)</u>	<u>244,111</u>	<u>(30,968)</u>	<u>2,801,425</u>
Net Position - Beginning					14,339,277	269,787	2,644,183	66,049	17,319,296
Restatement - Note 14					<u>(366,277)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(366,277)</u>
Net Position - Ending					<u>\$ 16,610,847</u>	<u>\$ 220,222</u>	<u>\$ 2,888,294</u>	<u>\$ 35,081</u>	<u>\$ 19,754,444</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Benzie, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the County:

A – Reporting Entity:

The County of Benzie, Michigan was organized in 1869 and covers an area of approximately 316 square miles with the County Seat located in Beulah, Michigan. The County operates under an elected Board of Commissioners of seven (7) members and provides services, assistance, and care to its residents. As required by U.S. generally accepted accounting principles, these basic financial statements present the County of Benzie (primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

Component Units:

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

Blended Component Units

County of Benzie Building Authority – The Authority is an entity legally separate from the County. The Authority is governed by a board, appointed by the Commission and is reported as if it were part of the County's operations because its primary purpose is the procurement and management of debt financing for the County.

Discretely Presented Component Units

The component units column in the government-wide financial statements include the financial data of the other component units of the County. The following is a summary of the component units:

Benzie County Economic Development Corporation – The Corporation is a legally separate non-profit corporation whose primary purpose is to promote economic development in the County of Benzie. The board of the Economic Development Corporation is appointed by the Board of Commissioners. The Corporation's annual budget is subject to the approval of the Board of Commissioners and is financially accountable to the County.

Benzie County Economic Development Corporation
448 Court Place
Beulah, Michigan 49617

Benzie County Road Commission – The members of the governing board of the Road Commission are elected by the voters of Benzie County. Although the County does not have the authority to approve or modify the Road Commission's operational and capital budgets, bonded debt must be approved by the County Commission. Complete financial statements of the individual component unit can be obtained from the following:

Benzie County Road Commission
11318 Main Street
Honor, Michigan 49640

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Benzie – Leelanau District Health Department – The members of the governing body of the Health Department are jointly appointed by the Benzie and Leelanau County Commissions. The Health Department's operational and capital budgets are not subject to approval or modification by any governmental entity, and it establishes fees for various services and other activities. Complete financial statements of the individual component unit can be obtained from the following:

Benzie/Leelanau Health Department
6051 Frankfort Hwy, Suite 100
Benzonia, Michigan 49616

Benzie Transportation Authority – The members of the governing board of the Bus System are appointed by the County Board. The County does not exercise oversight responsibility and does not have accountability of fiscal matters. Complete financial statements of the individual component unit can be obtained from the following:

Benzie Transportation Authority
14150 Honor Highway
Beulah, Michigan 49619

Jointly Governed Organization

City – County Airport – The City-County Airport Authority (the "Authority"), an entity legally separate from the County, is governed by a seven-member board. Two members are appointed from the County; two members are appointed from the City of Frankfort; two members are appointed from Crystal Lake Township, and the seventh member is appointed by the other members.

For financial reporting purposes, the Authority is reported as a separate unit because the Authority can legally issue debt (although it has a letter of understanding with the City of Frankfort that no debt will be issued); levy tax revenue if desired; and adopt and amend its own budget. In the event of the Authority being dissolved, it will be reverted to the City of Frankfort. The Authority operates on a June 30 year end.

Related Organization

Manistee – Benzie Mental Health – The Manistee – Benzie Mental Health is governed by a board whose voting majority is appointed by the Manistee County Board of Commissioners.

B – Government-Wide and Fund Financial Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

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

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Under the term of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Taxes Receivable – Current or Property Taxes

The County of Benzie property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the County of Benzie as of the preceding December 31st.

Although the County of Benzie 2017 ad valorem tax is levied and collectible on December 1, 2017, and 2018 ad valorem tax is levied and collectible on July 1, 2018, it is the County of Benzie's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be paid from the delinquent tax revolving funds within one year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The 2017 taxable valuation of the County of Benzie totaled \$1,208,978,276, (not including renaissance zone) on which ad valorem taxes levied consisted of 0.9976 mills for Medical Care Facility Debt and Operations, .8500 mills for Commission on Aging, .8883 mills for Jail Operations, .0982 mills for Animal Control, .7948 mills for Ambulance Millage, .0400 mills for Soldier Relief, .0986 mills for the Conservation District, 0.9871 mills for Roads, and .0986 mills for TNT operations. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Fund financial statements as tax revenue.

The July 1, 2018 taxable valuation of County of Benzie totaled \$1,258,482,126, (not including renaissance zone) on which ad valorem taxes levied consisted of 3.4528 mills for the General Fund, this amount is recognized in the General Fund financial statements as revenue.

All other revenue items are considered to be available only when cash is received by the government.

The County reports the following major governmental funds:

General Fund

This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Jail Operations Fund

This fund accounts for the operation of the jail.

The County reports the following major proprietary funds:

County Medical Care Facility

This fund accounts for the long-term care services provided to the residents of Benzie County.

Delinquent Tax Revolving Fund

This fund accounts for the collection of delinquent taxes.

Emergency Medical Services Fund

This fund accounts for ambulance services provided to the citizens of Benzie County.

Additionally, the County reports the following fund types:

Special Revenue Funds

The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

Debt Service Funds

The debt service fund accounts for the servicing of general long-term debt not financed by proprietary or permanent trust funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Capital Project Fund**

The capital project fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Enterprise Funds

These funds account for the County's business-type operations that provide services to residents of the County for a fee.

Agency Funds

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

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

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for tax collections. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Bank Deposits and Investments – Deposits and investments are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds is allocated to each fund based on the average cash balances. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – All inventories, including the cost of supplies, are expensed when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Vested Employee Benefits Payable – County General Employees - The County's employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service.

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. Employees are required to use their vacation benefits within one year, except under special circumstances where, with the approval of the Commission, some carry-over may be authorized.

The County's employment policies provide for sick leave benefits to be earned at the rate of 64 hours applied on January 1st of each year. Payment for sick time upon separation of employment is disbursed according to the separate union contracts covering sheriff department employees and the government center union employees. The nonunion personnel are paid half of their accumulated sick time.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has pension items that qualify for reporting in this category.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has pension and revenue items that qualify for reporting in this category.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year. The County has \$32,322 in Nonspendable fund balance.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The County has restricted \$ 2,154,645 for fund and/or debt specific purposes.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has committed \$ 114,209 for special fund purposes.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Unearned Revenues – Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the representative grants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, outflows, liabilities and inflows and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles.

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Each August, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing October 1 and lapses on September 30. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

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. The modified accrual basis of accounting is used for budgetary purposes.

The General Fund revenue budget was adopted on the basis of activities or programs financed by the General Fund.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for Governmental Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted. The original budget adopted for the General fund was modified throughout the year through various budget amendments.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end, the County's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash Equivalents -					
Unrestricted	\$ 3,999,901	\$ 7,607,385	\$ 11,607,286	\$ 4,361,809	\$ 1,982,344
Restricted	-	133,463	133,463	-	-
Total	\$ 3,999,901	\$ 7,740,848	\$ 11,740,749	\$ 4,361,809	\$ 1,982,344

The breakdown between deposits and investments is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit, and money markets)	\$ 6,107,949	\$ 4,361,809	\$ 1,981,279
Investments	5,631,300	-	-
Petty Cash and Cash on Hand	1,500	-	1,065
Total	\$ 11,740,749	\$ 4,361,809	\$ 1,982,344

	Fair Value	Maturities in Years			
		Less Than 1	1 - 5	6 - 10	More Than 10
Investments:					
Michigan Class	\$ 3,696,291	\$ 3,696,291	\$ -	\$ -	\$ -
Municipal Bonds	495,182	-	495,182	-	-
Corporate Fixed Income	928,902	928,902	-	-	-
Government Securities	510,925	-	510,925	-	-
Total Investments	\$ 5,631,300	\$ 4,625,193	\$ 1,006,107	\$ -	\$ -

Interest rate risk. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices. The County had investments in the following funds at September 30, 2018:

Fund Name	Ticker/CUSIP	S&P Rating
MI-010257-0001 DTRF	N/A	AAAm
MI-01-0257-0002 SWEEP	N/A	AAAm
Anchor Bay Mich Sch Dist	032879TC2	AA
Fed Home LN BK STEP	3130A9N23	AA+
Credit Agricole CIB C/P	22533UKC6	A1
MUFG Bank LTD C/P	62479MQB2	A1

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk. Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$7,229,693 of the County's bank balance of \$8,751,624 was exposed to credit risk because it was uninsured and uncollateralized. Money market accounts are not rated investments and are not subject to custodial credit risk.

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 equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In 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 measurements required judgement and considers factors specific to each asset or liability.

The County has the following fair value measurements as of September 30, 2018:

	Total	Level 1	Level 2	Level 3
*Michigan CLASS	\$ 3,696,291	\$ -	\$ -	\$ -
Government Securities	510,925	-	510,925	-
Corporate Fixed Income	928,902	-	928,902	-
Municipal Bonds	495,182	-	495,182	-
Total	\$ 5,631,300	\$ -	\$ 1,935,009	\$ -

* Michigan CLASS is not required to be categorized for purposes of GASB Statement Number 72.

Statutory Authority:

An act (PA 152) to amend 1943 PA 20, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

The County's deposits and investment policy are in accordance with statutory authority.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the County and specific funds. They are recorded in County records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,931,926	\$ -	\$ -	\$ 5,931,926
<i>Capital assets being depreciated:</i>				
Buildings and improvements	8,595,660	100,243	-	8,695,903
Land improvements	74,865	-	-	74,865
Machinery and equipment	2,975,619	98,106	-	3,073,725
Subtotal	11,646,144	198,349	-	11,844,493

NOTE 4 - CAPITAL ASSETS (Continued)

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(4,047,256)	(226,981)	(11,461)	(4,285,698)
Land improvements	(24,450)	(5,267)	-	(29,717)
Machinery and equipment	(2,191,991)	(238,818)	11,461	(2,419,348)
Subtotal	(6,263,697)	(471,066)	-	(6,734,763)
Net Capital Assets Being Depreciated	5,382,447	(272,717)	-	5,109,730
Capital Assets – Net	<u>\$ 11,314,373</u>	<u>\$ (272,717)</u>	<u>\$ -</u>	<u>\$ 11,041,656</u>

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

Governmental Activities:

Judicial	\$ 4,410
General Government	141,514
Public Safety	285,016
Public Works	11,160
Health and Welfare	7,262
Recreation and Culture	21,704

Total Governmental Activities \$ 471,066

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
Business-type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 47,424	\$ -	\$ -	\$ 47,424
<i>Capital assets being depreciated:</i>				
Land improvements	148,100	-	(60,667)	87,433
Buildings and improvements	15,215,300	327,037	(669,086)	14,873,251
Machinery and equipment	3,013,110	49,350	(426,540)	2,635,920
Subtotal	18,376,510	376,387	(1,156,293)	17,596,604
<i>Less accumulated depreciation for:</i>				
Land improvements	(78,830)	(6,372)	59,857	(25,345)
Buildings and improvements	(2,133,981)	(554,474)	664,956	(2,023,499)
Machinery and equipment	(1,547,793)	(244,871)	425,776	(1,366,888)
Subtotal	(3,760,604)	(805,717)	1,150,589	(3,415,732)
Net Capital Assets Being Depreciated	14,615,906	(429,330)	(5,704)	14,180,872
Capital Assets – Net	<u>\$ 14,663,330</u>	<u>\$ (429,330)</u>	<u>\$ (5,704)</u>	<u>\$ 14,228,296</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to the business-type activities as follows:

Business-type Activities:	
Medical Care Facility	\$ 642,850
Emergency Medical Services	<u>162,867</u>
Total Business-Type Activities	<u>\$ 805,717</u>

BENZIE COUNTY ROAD COMMISSION

Capital asset activity of the Benzie County Road Commission for the current year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 12,708	\$ -	\$ -	\$ 12,708
Land Improvements	<u>1,687,153</u>	<u>-</u>	<u>-</u>	<u>1,687,153</u>
Subtotal	<u>1,699,861</u>	<u>-</u>	<u>-</u>	<u>1,699,861</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings	1,162,076	-	-	1,162,076
Road Equipment	5,410,191	872,399	269,654	6,012,936
Shop Equipment	166,256	-	-	166,256
Office Equipment	59,283	-	-	59,283
Engineer's Equipment	39,345	-	-	39,345
Yard and Storage	443,174	-	-	443,174
Infrastructure	<u>18,189,793</u>	<u>2,892,530</u>	<u>147,050</u>	<u>20,935,273</u>
Subtotal	<u>25,470,118</u>	<u>3,764,929</u>	<u>416,704</u>	<u>28,818,343</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	1,059,549	14,051	-	1,073,600
Road Equipment	4,137,288	601,606	269,654	4,469,240
Shop Equipment	137,569	28,687	-	166,256
Office Equipment	44,304	2,170	-	46,474
Engineer's Equipment	38,106	710	-	38,816
Yard and Storage	202,198	20,100	-	222,298
Infrastructure	<u>4,632,798</u>	<u>962,208</u>	<u>147,050</u>	<u>5,447,956</u>
Subtotal	<u>10,251,812</u>	<u>1,629,532</u>	<u>416,704</u>	<u>11,464,640</u>
Net Capital Assets Being Depreciated	<u>15,218,306</u>	<u>2,135,397</u>	<u>-</u>	<u>17,353,703</u>
Total Net Capital Assets	<u>\$ 16,918,167</u>	<u>\$ 2,135,397</u>	<u>\$ -</u>	<u>\$ 19,053,564</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to Public Works as follows:

Unallocated	\$ 962,208
Equipment	601,606
Administration	3,993
Other	<u>61,725</u>
Total	<u>\$ 1,629,532</u>

BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT

Capital asset activity of the Benzie/Leelanau District Health Department for the current year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital assets being depreciated:</i>				
Other capital assets:				
Equipment & furniture	<u>\$ 45,552</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,552</u>
<i>Less accumulated depreciation for:</i>				
Equipment & furniture	<u>(31,075)</u>	<u>(2,118)</u>	<u>-</u>	<u>(33,193)</u>
Net Capital Assets	<u>\$ 14,477</u>	<u>\$ (2,118)</u>	<u>\$ -</u>	<u>\$ 12,359</u>

Depreciation expense was charged to:

Health and Welfare	<u>\$ 2,118</u>
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BENZIE TRANSPORTATION AUTHORITY

Capital asset activity of the Benzie Transportation Authority for the current year was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	\$ 2,129,587	\$ -	\$ -	\$ 2,129,587
Vehicles	1,676,950	255,260	52,451	1,879,759
Shop equipment	94,539	-	-	94,539
Office equipment	<u>122,522</u>	<u>10,626</u>	<u>-</u>	<u>133,148</u>
Subtotal	<u>4,023,598</u>	<u>265,886</u>	<u>52,451</u>	<u>4,237,033</u>
<i>Less accumulated depreciation</i>	<u>(1,795,355)</u>	<u>(202,849)</u>	<u>(52,451)</u>	<u>(1,945,753)</u>
Net Capital Assets	<u>\$ 2,228,243</u>	<u>\$ 63,037</u>	<u>\$ -</u>	<u>\$ 2,291,280</u>

Depreciation expense was charged to:

Transportation	<u>\$ 265,886</u>
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NOTE 5 - INTERFUND TRANSACTIONS

The County of Benzie reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund and payables are as follows:

	DUE FROM OTHER FUNDS	
	DUE TO OTHER FUNDS	Nonmajor Governmental
General		\$ 7,892

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

	TRANSFERS OUT				
	General	Nonmajor Governmental	DTRF	Nonmajor Enterprise	Total
General	\$ -	\$ 162,500	\$ 85,000	\$ 56,023	\$ 303,523
Jail Operations	350,000	-	-	-	350,000
Nonmajor Governmental	247,153	441,736	160,000	10,000	858,889
Delinquent Tax Revolving	14,020	-	-	-	14,020
Total	\$ 611,173	\$ 604,236	\$ 245,000	\$ 66,023	\$ 1,526,432

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

General Obligation Debt

Governmental activities general obligation debt consists of general obligation bonds of the Building Authority and installment loans for equipment. Business-type activities general obligation debt consists of installment loans for equipment.

NOTE 6 - LONG-TERM DEBT (Continued)

Installment Loans

The County has purchased vehicles and equipment used for governmental activities using commercial notes payable with annual or monthly payments ranging from \$4,366 to \$15,496, and interest charges at 1.35% to 5.83%. The business-type activities have purchased an ambulance and equipment using commercial notes payable with annual or monthly payments ranging from \$3,480 to \$64,419, and interest charged at 2.79% to 3.55%.

General obligation and notes payable debt outstanding is as follows:

	Interest Rate	Principal Matures	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
General Obligation Bonds							
1998 Building Authority Bonds	3.60-4.95%	2018	\$ 90,000	\$ -	\$ (90,000)	\$ -	\$ -
Installment loans payable to financial institutions, yearly installments of \$4,366 to \$15,498, secured by equipment.	1.35-5.83%	Various	74,161	-	(53,467)	20,694	12,355
Total Governmental Activities			<u>\$ 164,161</u>	<u>\$ -</u>	<u>\$ (143,467)</u>	<u>\$ 20,694</u>	<u>\$ 12,355</u>
Business-Type Activities:							
General Obligation Bonds							
2014 Building Authority Bonds	3.00-4.00%	2030	\$ 5,520,000	\$ -	\$ (325,000)	\$ 5,195,000	\$ 340,000
Ambulance - Installment loan payable to financial institution, monthly installments of \$3,480, secured by the vehicle.	2.79%	2020	97,479	-	(39,626)	57,853	40,660
Ambulance -- Installment loan payable to financial institution, yearly installments of \$66,419, secured by the vehicle	3.19%	2020	187,189	-	(60,447)	126,742	62,376
Total Business-Type Activities			<u>\$ 5,804,668</u>	<u>\$ -</u>	<u>\$ (425,073)</u>	<u>\$ 5,379,595</u>	<u>\$ 443,036</u>

Annual debt service requirements to maturity for the above obligations are as follows:

	Governmental Activities Installment Note Payable		Business -type Activities Bonds Payable		Business -type Activities Installment Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
Fiscal:						
2019	\$ 12,355	\$ 783	\$ 340,000	\$ 180,650	\$ 103,036	\$ 5,142
2020	5,186	350	355,000	170,450	81,559	2,173
2021	3,153	61	370,000	159,800	-	-
2022	-	-	380,000	148,700	-	-
2023	-	-	395,000	137,300	-	-
2024-2028	-	-	2,280,000	477,962	-	-
2029-2030	-	-	1,075,000	65,000	-	-
TOTALS	<u>\$ 20,694</u>	<u>\$ 1,194</u>	<u>\$ 5,195,000</u>	<u>\$ 1,339,862</u>	<u>\$ 184,595</u>	<u>\$ 7,315</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Vested Employee Benefits – Governmental Activities

A summary of vested benefits payable at September 30, 2018 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits-net	\$ 132,803	\$ -	\$ 4,657	\$ 128,146

Vested Employee Benefits – Business-type Activities

A summary of vested benefits payable at September 30, 2018 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Net Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits-net	\$ 147,612	\$ -	\$ 5,908	\$ 141,704

BENZIE COUNTY ROAD COMMISSION

The following is a summary of pertinent information concerning the Road Commission's long-term debt.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment payable to Finance Company, 3.49% interest rate, payable in monthly installments of \$2,875, secured by equipment.	\$ -	\$ 270,040	\$ 7,078	\$ 262,962	\$ 25,737
Installment payable to Finance Company, 2.69% interest rate, payable in monthly installments of \$848, secured by equipment.	111,238	-	7,260	103,978	7,458
Vested Employee Benefits - net	74,051	319	-	74,370	-
TOTAL	\$ 185,289	\$ 270,359	\$ 14,338	\$ 441,301	\$ 33,195

Maturities on long-term obligations are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 33,195	\$ 11,486	\$ 44,681
2020	123,169	10,164	133,333
2021	27,595	6,910	34,505
2022	28,573	5,932	34,505
2023	154,408	4,162	158,570
TOTAL	\$ 366,940	\$ 38,654	\$ 405,594

NOTE 6 - LONG-TERM DEBT (Continued)

BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT

The following is a summary of pertinent information concerning the Benzie/Leelanau District Health Department's long-term debt.

	<u>Beginning Balances</u>	<u>Net Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits - net	\$ <u>85,938</u>	\$ <u>-</u>	\$ <u>4,232</u>	\$ <u>81,706</u>

NOTE 7 - RISK MANAGEMENT

The County is a voluntary member of the Michigan Municipal Risk Management Authority (MMRMA) (the "Authority"). The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended or reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that the County incurs loss in excess of the resources available, the Authority as a whole (i.e. all constituent municipalities) is liable for the excess. In the event that the Pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific Pool's policy year may be subject to special assessments to make up the deficiency. The County has not been informed of any special assessments being required.

In addition, the Authority has accumulated resources to create and fund an internal stop loss fund. The stop loss fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$178,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$178,000 net of reinsurance recoveries are paid entirely from the internal stop loss fund. If at any time the stop loss fund is insufficient to fund the County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

NOTE 8 - CONTINGENT LIABILITIES

There are lawsuits pending in which the County is involved. The County estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

The County participates in a number of federal and state assisted grant programs, which are subject to financial and compliance audits. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

PRIMARY GOVERNMENT

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

01 – Courthouse Empls: Closed to new hires, linked to Division 13

	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

02 – Sheriff Dept.: Closed to new hires, linked to Division 21

	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	25 and Out
Early Retirement (Reduced):	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

10 – Elctd Officials: Open Division

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

11 – Commissioners: Open Division

	2017 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

12 – NonUnion&NonElct: Open Division

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

13 – Courthouse Employee's after 10/01/12: Open Division, linked to Division 01

	2017 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**20 – COAM: Closed to new hires, linked to Division 22**

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	25 and Out
Early Retirement (Reduced):	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

21 – Sheriff Dept after 10/01/2011: Open Division, linked to Division 02

	2017 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	6.00%
Act 88:	Yes (Adopted 4/18/2000)

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to but not yet receiving benefits	38
Active employees	<u>88</u>
	201

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The County is required to contribute on a monthly basis at an actuarially determined rate.

Courthouse Employees	\$2,959	Non Union & Non Elected	\$17,267
Sheriff Dept.	\$11,558	Courthouse Employees after 10/01/12	\$1,460
Elected Officials	\$10,002	COAM	\$14,567
Commissioners	\$1,647	Sheriff Department after 10/01/011	\$4,582

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Net Pension Liability

The County's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 17,565,274	\$ 11,251,184	\$ 6,314,090
Service cost	424,054	-	424,054
Interest on total pension liability	1,384,197	-	1,384,197
Changes in benefits	-	-	-
Difference between expected and actual experience	(206,334)	-	(206,334)
Changes in assumptions	-	-	-
Employer contributions	-	603,227	(603,227)
Employee contributions	-	234,271	(234,271)
Net investment income	-	1,489,809	(1,489,809)
Benefit payments, including employee refunds	(949,620)	(949,620)	-
Administrative expense	-	(23,573)	23,573
Net changes	652,297	1,354,114	(701,817)
Balances as of December 31, 2017	\$ 18,217,571	\$ 12,605,298	\$ 5,612,273

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension liability	\$7,775,357	\$5,612,273	\$3,792,353

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended September 30, 2018, the County recognized pension expense of \$992,998. At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 113,948
Changes in assumptions	206,647	-
Net difference between projected and actual earnings on pension plan investments	-	236,328
Contributions subsequent to the measurement date	622,916	-
Total	<u>\$ 829,563</u>	<u>\$ 350,276</u>

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

Year Ended September 30:

2019	\$ 290,112
2020	(73,416)
2021	(241,296)
2022	(119,029)

BENZIE COUNTY ROAD COMMISSION

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.0% or 1.0% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2017.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the MERS website at www.mersofmich.com.

01 – Genl Emp: Closed to new hires, linked to Division HA

	2017 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions:	0%
Act 88:	No

11 – Commissioners: Closed to new hires, linked to Division HA

	2017 Valuation
Benefit Multiplier:	1.50% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	2.82%
Act 88:	No

12 – Admin: Closed to new hires, linked to Division HA

	2017 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	No

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HA – New hires after 7/1/2011: Open Division, linked to Division 01, 11, 12

	2017 Valuation
Benefit Multiplier:	Hybrid Plan - 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	No

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	43
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>30</u>
	85

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined rate.

The contribution rate as a fixed dollar amount of payroll at September 30, 2018 is as follows:

General	\$ 21,136
Management	6,544
Commissioners	85
New Hires	<u>3,605</u>
Total	<u>\$ 31,370</u>

Net Pension Liability

The Road Commission's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the RP-2014 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 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	<u>\$ 7,524,253</u>	<u>\$ 2,755,874</u>	<u>\$ 4,768,379</u>
Service cost	69,238	-	69,238
Interest on total pension liability	580,384	-	580,384
Changes in benefits	-	-	-
Difference between expected and actual experience	22,698	-	22,698
Changes in assumptions	-	-	-
Employer contributions	-	628,464	(628,464)
Employee contributions	-	152	(152)
Net investment income	-	359,036	(359,036)
Benefit payments, including employee refunds	(608,146)	(608,146)	-
Administrative expense	-	(5,684)	5,684
Net changes	<u>64,174</u>	<u>373,822</u>	<u>(309,648)</u>
Balances as of December 31, 2017	<u><u>\$ 7,588,427</u></u>	<u><u>\$ 3,129,696</u></u>	<u><u>\$ 4,458,731</u></u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.00%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Road Commission's net pension liability	\$5,136,851	\$4,458,731	\$3,873,015

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 September 30, 2018, the Road Commission recognized pension expense of \$637,567. At September 30, 2018, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 20,814	\$ -
Net difference between projected and actual earnings on pension plan investments	-	45,123
Contributions subsequent to the measurement date	418,709	-
Total	<u>\$ 439,523</u>	<u>\$ 45,123</u>

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

Year Ended September 30:

2019	\$ 31,568
2020	15,748
2021	(44,029)
2022	(27,596)

Annual Pension Costs – For fiscal year ended 2018, the Benzie County Road Commission's annual pension cost of \$376,440 for the plan was equal to the required contribution. The annual required contribution was determined as part of an actuarial valuation as December 31, 2017, using the entry age normal cost method. Significant actuarial assumptions used include: (i) an 8% investment rate of return; (ii) projected salary increases of 4.5 percent per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 23 years.

BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

01 – Gnr! Empl: Closed to new hires

	2017 Valuation
Benefit Multiplier:	2.25% Multiplier (80 % max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
DC Plan – new hires	10/1/1996
Act 88:	Yes (Adopted 3/28/2002)

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>3</u>
	5

Funding Policy

The obligation to contribute and maintain the system for these employees was established by the personnel policy; currently no employee contribution is required. Employer contributions range from \$3,665 to \$4,117 per month.

Net Pension Liability

The Health Department's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

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

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 982,788	\$ 714,840	\$ 267,948
Service cost	24,438	-	24,438
Interest on total pension liability	78,531	-	78,531
Changes in benefits	-	-	-
Difference between expected and actual experience	26,412	-	26,412
Changes in assumptions	-	-	-
Employer contributions	-	38,850	(38,850)
Net investment income	-	96,284	(96,284)
Benefit payments, including employee refunds	(26,751)	(26,751)	-
Administrative expense	-	(1,521)	1,521
Net changes	102,630	106,862	(4,232)
Balances as of December 31, 2017	\$ 1,085,418	\$ 821,702	\$ 263,716

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Health Department, calculated using the discount rate of 8.00%, as well as what the Health Department's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Health Department's net pension liability	\$387,945	\$263,716	\$156,941

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 September 30, 2018, the Health Department recognized pension expense of \$64,028. At September 30, 2018, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 16,409	\$ -
Changes in assumptions	9,742	-
Net difference between projected and actual earnings on pension plan investments	-	16,676
Contributions subsequent to the measurement date	32,995	-
Total	\$ 59,146	\$ 16,676

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

Year Ended September 30:	
2019	\$ 19,753
2020	9,674
2021	(12,217)
2022	(7,735)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)***BENZIE TRANSPORTATION AUTHORITY***

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

	2017 Valuation
Benefit Multiplier:	2.0% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	7.27%%

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>11</u>
	17

Funding Policy

The Authority is required to contribute at an actuarially determined rate, which for the current year was 5.02% of annual covered payroll depending on position and classification. The contribution requirements of the Authority are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The Authority's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

Discount Rate. The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Asset:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Asset
Balance at December 31, 2016	\$ 730,941	\$ 805,451	\$ (74,510)
Service cost	51,464	-	51,464
Interest on total pension liability	55,773	-	55,773
Changes in benefits	-	-	-
Difference between expected and actual experience	(57,615)	-	(57,615)
Employer contributions	-	32,310	(32,310)
Employee contributions	-	45,581	(45,581)
Net investment income	-	109,690	(109,690)
Benefit payments, including employee refunds	(119,009)	(119,009)	-
Administrative expense	-	(1,733)	1,733
Net changes	(69,387)	66,839	(136,226)
Balances as of December 31, 2017	\$ 661,554	\$ 872,290	\$ (210,736)

Sensitivity of the net pension asset to changes in the discount rate. The following presents the net pension liability of the Authority, calculated using the discount rate of 8.00%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Authority's net pension liability	\$(124,884)	\$(210,736)	\$(282,193)

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 September 30, 2018, the Authority recognized pension expense of \$(6,620). At September 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 54,462
Changes in assumptions	19,811	-
Net difference between projected and actual earnings on pension plan investments	28,662	52,718
Contributions subsequent to the measurement date	27,000	-
Total	\$ 75,473	\$ 107,180

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

Year Ended September 30:	
2019	\$ 7,288
2020	9,618
2021	22,784
2022	17,735
2023	1,282

THE MAPLES, BENZIE COUNTY MEDICAL CARE FACILITY

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine-member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

	2017 Valuation
Benefit Multiplier:	1.5 % to 2.5% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	6 - 8 Years
Early Retirement:	55/15 50/25
Final Average Compensation:	5 years
Employee Contributions	2.0%

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to but not yet receiving benefits	24
Active employees	<u>113</u>
	194

Funding Policy

The County Medical Care Facility is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS retirement board, which the County Medical Care Facility's average contribution rate was 11.1% of annual covered payroll.

Net Pension Liability

The County Medical Care Facility's net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Discount Rate. The discount rate used to measure the total pension liability is 8.00%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 8,600,070	\$ 6,648,710	\$ 1,951,360
Service cost	286,233	-	286,233
Interest on total pension liability	678,314	-	678,314
Difference between expected and actual experience	(55,831)	-	(55,831)
Employer contributions	-	415,297	(415,297)
Employee contributions	-	72,010	(72,010)
Net investment income	-	880,641	(880,641)
Benefit payments, including employee refunds	(528,517)	(528,517)	-
Administrative expense	-	(13,929)	13,929
Net changes	380,199	825,502	(445,303)
Balances as of December 31, 2017	\$ 8,980,269	\$ 7,474,212	\$ 1,506,057

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County Medical Care Facility, calculated using the discount rate of 8.00%, as well as what the County Medical Care Facility's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
MCF's net pension liability	\$2,434,281	\$1,506,057	\$715,917

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 September 30, 2018, the County Medical Care Facility recognized pension expense of \$455,804. At September 30, 2018, the County Medical Care Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 22,069	\$ 163,738
Changes in assumptions	164,517	-
Net difference between projected and actual earnings on pension plan investments	-	137,990
Contributions subsequent to the measurement date	326,098	-
Total	<u>\$ 512,684</u>	<u>\$ 301,728</u>

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

Year Ended September 30:	
2019	\$ 78,029
2020	55,451
2021	(159,822)
2022	(79,495)
2023	(9,305)

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN

BENZIE COUNTY ROAD COMMISSION

Plan Description - The employer provides health insurance retirees who retire under provisions of the Employer's MERS plan who are employed full time and age 55 with 10 years of service. Coverage is for a period of five years or until the retiree reaches age 65, whichever event occurs first. The retiree is then responsible for the cost of health insurance for his/her spouse and/or children. The Road Commission administers a single-employer defined benefit healthcare plan. Benefit provisions are established and may be amended by the Board of County Road Commissioners. The Plan does not issue a publicly available report.

Funding Policy - Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost for eligible plan members. For fiscal year 2018, the Commission contributed \$13,295 to the plan.

Employees Covered by Benefit Terms

As of September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>28</u>
Total participants covered by OPEB Plan	<u><u>29</u></u>

Total OPEB Liability and Trust Assets - The Road Commission's total OPEB liability of \$675,609 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date.

As of September 30, 2018, there was \$305,979 in assets in the Road Commission's OPEB trust.

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of September 30, 2018 and the following actuarial assumptions, applies to all periods included in the measurement:

Inflation	2.50%
Salary Increases	3.00%
Investment rate of return	7.75%
20-year Aa Municipal bond rate	3.64%
Mortality	RP-2014 adjusted to 2006 Total Data Set, Headcount-weighted, MP-2018 with no pre-retirement mortality.

The long-term expected rate of return on retirement 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 September 30, 2018 are summarized in the following table:

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Global Equity	55.5%	6.15%
Global Fixed Income	18.5%	1.26%
Real Assets	13.5%	7.22%
Diversifying Strategies	12.5%	5.00%

The sum of each target allocation times its long-term expected rate is 5.25%. The long-term expected rate of return after including inflation is 7.75%.

Discount Rate - The discount rate used to measure the total OPEB liability was 4.14%. The assets are not projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at September 30, 2017	\$ 596,977	\$ 290,855	\$ 306,122
Service cost	64,804	-	64,804
Interest	27,123	-	27,123
Difference between expected and actual experience and assumptions	-	-	-
Contributions - Employer	-	13,295	(13,295)
Net investment income	-	15,889	(15,889)
Benefit payments	(13,295)	(13,295)	-
Administrative expense	-	(765)	765
Other changes	-	-	-
Net changes	78,632	15,124	63,508
Balances as September 30, 2018	\$ 675,609	\$ 305,979	\$ 369,630

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN (Continued)

Net OPEB Liability – Discount and Trend Rate Sensitivities – The following presents the net OPEB Liability (NOL) of the Road Commission, calculated using trend and discount rates 1% higher and lower than base assumptions:

	<u>1% Decrease</u>	<u>Discount Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$712,024	\$675,608	\$641,688
Plan Fiduciary Net Position	<u>305,979</u>	<u>305,979</u>	<u>305,979</u>
Net OPEB Liability	\$406,045	\$369,629	\$335,709

OPEB Expense - Components of Road Commission's OPEB Expense for the fiscal year ending September 30, 2018 are as follows:

	<u>09/30/2018</u>
Service Cost	\$ 64,804
Interest on Total OPEB Liability	27,123
Experience (Gains)/Losses	-
Changes of Assumptions	-
Changes in Plan Terms	-
Employee Contributions	-
Projected Earnings on OPEB Plan Investments	(22,511)
Investment Earnings (Gains)/Losses	1,324
Administrative Expenses	765
Other Changes in Fiduciary Net Position	<u>-</u>
Total OPEB Expense	<u>\$ 71,505</u>

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	\$ -	\$ -
Changes in Assumptions	-	-
Investment Earnings (Gains)/Losses	<u>5,298</u>	<u>-</u>
	<u>\$ 5,298</u>	<u>\$ -</u>

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS PLAN (Continued)

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

Year Ended September 30:	
2019	\$ 1,324
2020	1,324
2021	1,324
2022	1,326

NOTE 11 - DEFINED CONTRIBUTION (MONEY PURCHASE) PENSION PLAN

The Benzie/Leelanau District Health Department contributes to a defined contribution retirement plan administered by the Board of Health with the International City Management Association Retirement Corporation (ICMA), acting as an investment fiduciary.

The Department contributed \$114,662 and employees contributed \$22,933 to the Plan during the year ended September 30, 2018 equal to 14% and 0% respectively of covered payroll.

NOTE 12 - LEASES

Building Lease

The County entered into a 20-year lease agreement with the Department of Human Services on November 1, 1999 for the lease of office space within the County complex. The portion of the building covered by this lease has a historic cost of \$229,230 and related carrying value of \$116,256. Future minimum lease payments to be received from the Department of Human Services under the agreement are as follows:

2019	\$ 108,902
2020	108,902
2021	<u>9,075</u>
Total	<u>\$ 226,879</u>

NOTE 13 - NET POSITION - RESTRICTIONS

Net position restrictions can be described as follows:

\$ 268,112	Restricted for debt service
\$ 148,337	Restricted for capital projects
\$ 1,787,936	Restricted for fund or grant purposes

NOTE 14 - RESTATEMENT

	<u>Component</u> <u>Unit</u> <u>Road</u> <u>Commission</u>
Beginning net position as previously reported at October 1, 2017	\$ 14,339,277
Restatement of beginning net position – reclassification of GASB statement 75 implementation	<u>(366,277)</u>
Net position as restated, October 1, 2017	<u>\$ 13,973,000</u>

NOTE 15 - SUBSEQUENT EVENT

During January 2019, the County was awarded approximately \$400,000 as a result of litigation to the construction and renovation of the Medical Care Facility Building.

Required Supplementary Information

County of Benzie, Michigan

Employee Retirement and Benefit Systems Schedule of Changes in Pension Liability Year Ended September 30, 2018

	For MERS Years Ending 12/31			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 424,054	\$ 367,231	\$ 372,988	\$ 363,227
Interest	1,384,197	1,340,551	1,215,689	1,151,131
Changes in benefits	-	(110,144)	-	-
Difference between expected and actual experience	(206,334)	(153,120)	469,454	-
Changes in assumptions	-	-	826,589	-
Benefit payments, including refund of member contributions	(949,620)	(905,095)	(816,061)	(657,350)
Net change in total pension liability	652,297	539,423	2,068,659	857,008
Total pension liability - beginning	17,565,274	17,025,851	14,957,192	14,100,184
Total pension liability - ending	<u>\$ 18,217,571</u>	<u>\$ 17,565,274</u>	<u>\$ 17,025,851</u>	<u>\$ 14,957,192</u>
Plan fiduciary net position				
Contributions - employer	\$ 603,227	\$ 547,413	\$ 643,589	\$ 670,851
Contributions - employee	234,271	133,061	86,789	75,158
Net investment income	1,489,809	1,169,835	(160,875)	621,978
Benefit payments, including refunds of member contributions	(949,620)	(905,095)	(816,063)	(657,350)
Administrative expense	(23,573)	(23,099)	(23,326)	(28,289)
Net change in plan fiduciary net position	1,354,114	922,115	(269,886)	682,348
Plan fiduciary net position - beginning	11,251,184	10,329,069	10,598,955	9,916,607
Plan fiduciary net position - ending	<u>\$ 12,605,298</u>	<u>\$ 11,251,184</u>	<u>\$ 10,329,069</u>	<u>\$ 10,598,955</u>
County's net pension liability - ending	<u>\$ 5,612,273</u>	<u>\$ 6,314,090</u>	<u>\$ 6,696,782</u>	<u>\$ 4,358,237</u>
Plan fiduciary net position as a percentage of the total pension liability	69%	64%	61%	71%
Covered - employee payroll	\$ 3,717,011	\$ 3,493,504	\$ 3,667,165	\$ 3,514,717
County's net pension liability as a percentage of covered-employee payroll	151%	181%	183%	124%

County of Benzie, Michigan

Employee Retirement and Benefit Systems Schedule of Employer Contributions For the Year Ended September 30, 2018

	For MERS Years Ending 12/31			
	2017	2016	2015	2014
Actuarially determined contribution	\$ 603,227	\$ 547,413	\$ 643,589	\$ 670,851
Contributions in relation to the actuarially determined contribution	(603,227)	(547,413)	(643,589)	(670,851)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$ 3,717,011	\$ 3,493,504	\$ 3,667,165	\$ 3,514,717
Contributions as a percentage of covered-employee payroll	16%	16%	18%	19%

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 used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment and administrative expense including inflation
Retirement age	60 years
Mortality	Assumptions were based on the RP-2014 Group Annuity Mortality Table - Blended 50% Male / 50% Female

County of Benzie, Michigan

Employee Retirement and Benefit Systems

Schedule of Changes in the Road Commission's OPEB Liability and Related Ratios

Year Ended September 30, 2018

	2018
Total OPEB Liability - Beginning of Year	\$ 596,977
Service cost	64,804
Interest	27,123
Assumption changes and differences between actual and expected experience	-
Benefit payments	(13,295)
OPEB Liability - End of Year	675,609
Plan fiduciary net position	
Contributions - employer	13,295
Net investment income	15,889
Benefits payments, including refunds of member contributions	(13,295)
Administrative expense	(765)
Net change in plan fiduciary net position	15,124
Plan fiduciary net position - Beginning of Year	290,855
Plan fiduciary net position - End of Year	305,979
Net OPEB liability - End of Year	\$ 369,630
Plan fiduciary net position as a percentage of the total OPEB liability	45.3%
Covered Payroll	\$ 1,188,772
Net OPEB liability as a percentage of covered payroll	56.8%
Schedule of Employer Contributions	
Service Cost	\$ 67,487
Amortization of unfunded liability	51,267
Actuarially determined employer contribution	118,754
Employer contribution	(13,295)
Contribution deficiency/(excess)	105,459
Covered Payroll	\$ 1,188,772
Contribution as percentage of covered payroll	9.99%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of September 30, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Market value
Discount rate	4.14%
Salary increases	3.00%, average
Investment rate of return	3.64%
Healthcare cost trend rate	8.5% graded down by .25% per year
Ultimate trend	4.5% - 3% for Dental and Vision
Mortality rate	RPH -2014 adjusted to 2006 total data set with MP-2018 improvement scale

County of Benzie, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Taxes	\$ 4,395,957	\$ 4,418,701	\$ 4,498,544	\$ 79,843
Licenses and Permits	31,500	31,500	49,623	18,123
Federal Sources	52,500	52,500	43,323	(9,177)
State Sources	496,729	524,540	627,451	102,911
Charges for Services	896,058	930,166	918,501	(11,665)
Refunds and Reimbursements	88,600	112,500	121,248	8,748
Interest and Rentals	48,097	30,965	42,213	11,248
TOTAL REVENUES	6,009,441	6,100,872	6,300,903	200,031
EXPENDITURES:				
Legislative:				
Board of Commissioners	99,300	92,800	90,972	1,828
Judicial:				
Circuit Court	382,642	349,242	320,415	28,827
District Court	262,997	238,287	236,680	1,607
Friend of the Court	135,500	148,278	147,800	478
Juvenile Division	64,402	58,901	48,922	9,979
Probate Court	259,674	265,682	262,272	3,410
Total Judicial	1,105,215	1,060,390	1,016,089	44,301
General Government:				
County Administrator	153,259	148,209	144,349	3,860
Elections	57,350	20,159	17,786	2,373
County Clerk	201,667	193,208	190,513	2,695
Equalization	149,777	147,957	144,781	3,176
Prosecuting Attorney	242,887	251,628	248,008	3,620
Register of Deeds	145,250	150,100	145,615	4,485
Treasurer	126,683	128,183	116,658	11,525
Cooperative Extension	53,209	53,209	51,767	1,442
Legal and Contracted Services	152,500	142,392	141,970	422
Central Services	54,500	55,063	55,063	-
Buildings and Grounds	226,667	299,420	294,643	4,777
Drain Commission	10,400	8,400	7,883	517
Technology Support	98,100	79,894	79,391	503
Plat Board	250	250	-	250
Surveyor	1,600	1,600	1,201	399
Total General Government	1,674,099	1,679,672	1,639,628	40,044

County of Benzie, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
Public Safety:				
Sheriff	874,822	941,511	938,512	2,999
Sheriff Secondary Road Patrol	62,672	65,774	65,434	340
Medical Marijuana	-	7,432	7,402	30
Zero Tolerance	42,372	45,548	45,043	505
Planning Department	11,650	5,943	4,494	1,449
Emergency Management	71,830	91,834	90,352	1,482
Total Public Safety	1,063,346	1,158,042	1,151,237	6,805
Health and Welfare:				
Health Department	226,102	225,102	225,102	-
Medical Examiner	48,650	67,972	67,972	-
Mental Health Board	162,667	162,667	162,667	-
Department of Human Services	6,100	2,196	1,196	1,000
Total Health and Welfare	443,519	457,937	456,937	1,000
Recreation and Culture:				
Parks and Recreation	7,500	4,310	3,835	475
Total Recreation and Culture	7,500	4,310	3,835	475
Capital Outlay:	-	16,404	8,202	8,202
Other Expenditures:				
Medical Insurance	644,100	656,464	650,025	6,439
Unemployment Insurance	6,000	7,240	7,240	-
Worker's Comp Insurance	46,000	39,494	36,882	2,612
Insurance and Bonds	119,900	127,554	126,976	578
Social Security	154,300	172,905	172,905	-
Retirement Benefits	347,000	428,339	428,339	-
Intergovernmental Cooperation	51,123	66,117	66,117	-
Other Miscellaneous	2,500	15,128	15,128	-
Total Other Expenditures	1,370,923	1,513,241	1,503,612	9,629
TOTAL EXPENDITURES	5,763,902	5,982,796	5,870,512	104,082
EXCESS OF REVENUES OVER EXPENDITURES	245,539	118,076	430,391	304,113
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	156,100	172,504	303,523	131,019
Operating Transfers Out	(611,335)	(610,944)	(611,173)	(229)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (209,696)	\$ (320,364)	122,741	\$ 434,903
FUND BALANCE, OCTOBER 1			1,824,885	
FUND BALANCE, SEPTEMBER 30			\$ 1,947,626	

County of Benzie, Michigan

Required Supplementary Information Budgetary Comparison Schedule Jail Operations Fund Year Ended September 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 1,063,618	\$ 1,063,618	\$ 1,072,566	\$ 8,948
Charges for Services	130,885	144,884	127,429	(17,455)
Refunds and Reimbursements	7,850	5,350	34,916	29,566
TOTAL REVENUES	1,202,353	1,213,852	1,234,911	21,059
EXPENDITURES:				
Public Safety	1,584,244	1,630,752	1,550,429	80,323
TOTAL EXPENDITURES	1,584,244	1,630,752	1,550,429	80,323
EXCESS OF REVENUES (EXPENDITURES)	(381,891)	(416,900)	(315,518)	101,382
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	381,891	381,891	350,000	(31,891)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (35,009)	34,482	\$ 69,491
FUND BALANCE, OCTOBER 1			67,418	
FUND BALANCE, SEPTEMBER 30			\$ 101,900	

Other Information

County of Benzie, Michigan

Combining Balance Sheet General Funds September 30, 2018

	General	Capital Improvements	Building Authority	Total
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 998,694	\$ 161,043	\$ 4,931	\$ 1,164,668
Receivables:				
Accounts	136,144	-	-	136,144
Taxes	790,390	-	-	790,390
Prepaid Items	17,863	-	-	17,863
Due from Other Funds	7,892	-	-	7,892
TOTAL ASSETS	\$ 1,950,983	\$ 161,043	\$ 4,931	2,116,957
LIABILITIES:				
Accounts Payable	\$ 109,938	\$ -	\$ -	\$ 109,938
Accrued Liabilities	59,393	-	-	59,393
TOTAL LIABILITIES	169,331	-	-	169,331
FUND BALANCES:				
Nonspendable	17,863	-	-	17,863
Restricted	-	-	4,931	4,931
Assigned	-	161,043	-	161,043
Unassigned	1,763,789	-	-	1,763,789
TOTAL FUND BALANCES	1,781,652	161,043	4,931	1,947,626
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,950,983	\$ 161,043	\$ 4,931	\$ 2,116,957

County of Benzie, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance General Funds Year Ended September 30, 2018

	General	Capital Improvements	Building Authority	Total
REVENUES:				
Taxes	\$ 4,498,544	\$ -	\$ -	\$ 4,498,544
Licenses and Permits	49,623	-	-	49,623
Federal Sources	43,323	-	-	43,323
State Sources	627,451	-	-	627,451
Charges for Services	918,501	-	-	918,501
Refunds and Reimbursements	121,248	-	-	121,248
Interest and Rentals	42,213	-	-	42,213
TOTAL REVENUES	6,300,903	-	-	6,300,903
EXPENDITURES:				
Legislative	90,972	-	-	90,972
Judicial	1,016,089	-	-	1,016,089
General Government	1,635,231	-	4,397	1,639,628
Public Safety	1,151,237	-	-	1,151,237
Health and Welfare	456,937	-	-	456,937
Recreation and Cultural	3,835	-	-	3,835
Capital Outlay	16,964	8,202	-	25,166
Other Expenditures	1,486,648	-	-	1,486,648
TOTAL EXPENDITURES	5,857,913	8,202	4,397	5,870,512
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	442,990	(8,202)	(4,397)	430,391
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	141,023	162,500	-	303,523
Operating Transfers Out	(611,173)	-	-	(611,173)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(27,160)	154,298	(4,397)	122,741
FUND BALANCES, OCTOBER 1	1,808,812	6,745	9,328	1,824,885
FUND BALANCES, SEPTEMBER 30	\$ 1,781,652	\$ 161,043	\$ 4,931	\$ 1,947,626

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

		Special Revenue Funds						
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's	Benzie Co. Dive Team	Benzie Co. DARE	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol
ASSETS:								
Cash, Equivalents and Investments - Unrestricted	\$ 18,488	\$ 54,532	\$ 12	\$ 1,382	\$ -	\$ 3,462	\$ 77,760	\$ 26,605
Receivables:								
Accounts	-	-	-	-	-	-	-	7,520
Loans	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 18,488	\$ 54,532	\$ 12	\$ 1,382	\$ -	\$ 3,462	\$ 77,760	\$ 34,125
LIABILITIES:								
Accounts Payable	65	\$ 1,628	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	1,241	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	65	2,869	-	-	-	-	-	-
DEFERRED INFLOWS:								
Unavailable Revenue	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	77,760	34,125
Committed	-	51,663	-	-	-	-	-	-
Assigned	18,423	-	12	1,382	-	3,462	-	-
TOTAL FUND BALANCES	18,423	51,663	12	1,382	-	3,462	77,760	34,125
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 18,488	\$ 54,532	\$ 12	\$ 1,382	\$ -	\$ 3,462	\$ 77,760	\$ 34,125

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds							
	Marine Patrol	Snowmobile Patrol	Parks and Rec. Ice Rink	Airport Authority	Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	CDBG Grants
ASSETS:								
Cash, Equivalents and Investments - Unrestricted								
Receivables:								
Accounts	-	437	-	-	8,798	10,000	-	-
Loans	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	338	-	-	-
TOTAL ASSETS	\$ 2,855	\$ 7,611	\$ 17	\$ 745	\$ 154,167	\$ 10,000	\$ 36,643	\$ -
LIABILITIES:								
Accounts Payable	\$ 1,559	-	\$ -	-	\$ 14,425	\$ 795	\$ 2,800	\$ -
Accrued Liabilities	146	-	-	-	858	-	-	-
Due to Other Funds	-	-	-	-	-	6,589	-	-
TOTAL LIABILITIES	1,705	-	-	-	15,283	7,384	2,800	-
DEFERRED INFLOWS:								
Unavailable Revenue	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	338	-	-	-
Restricted	1,150	7,611	-	-	-	2,616	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	17	745	138,546	-	33,843	-
TOTAL FUND BALANCES	1,150	7,611	17	745	138,884	2,616	33,843	-
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2,855	\$ 7,611	\$ 17	\$ 745	\$ 154,167	\$ 10,000	\$ 36,643	\$ -

County of Benzie, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

	Special Revenue Funds						
	Land Reutilization Fund	Remonumentation Survey Grant	GIS Information System	Animal Control	Building Department	Register of Deeds Automation	911 Emergency Service
ASSETS:							
Cash, Equivalents and Investments - Unrestricted	\$ 112,704	\$ 28,061	\$ 7,111	\$ 173,464	\$ 129,042	\$ 130,946	\$ 436,217
Receivables:							
Accounts	-	-	-	-	-	-	197,238
Loans	-	-	-	-	-	-	-
Prepaid Items	-	-	-	481	1,196	-	3,771
TOTAL ASSETS	\$ 112,704	\$ 28,061	\$ 7,111	\$ 173,945	\$ 130,238	\$ 130,946	\$ 637,226
LIABILITIES:							
Accounts Payable	\$ -	\$ -	-	\$ 829	\$ 66,584	\$ 510	\$ 9,127
Accrued Liabilities	-	-	-	1,778	-	-	10,138
Due to Other Funds	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	2,607	66,584	510	19,265
DEFERRED INFLOWS:							
Unavailable Revenue	-	-	-	-	-	-	-
FUND BALANCES:							
Nonspendable	-	-	-	481	1,196	-	3,771
Restricted	-	28,061	-	170,857	62,458	-	614,190
Committed	-	-	-	-	-	-	-
Assigned	112,704	-	7,111	-	-	130,436	-
TOTAL FUND BALANCES	112,704	28,061	7,111	171,338	63,654	130,436	617,961
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 112,704	\$ 28,061	\$ 7,111	\$ 173,945	\$ 130,238	\$ 130,946	\$ 637,226

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Special Revenue Funds									
	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library	Commission on Aging	Child Care	Soldier's Relief		
ASSETS:										
Cash, Equivalents and Investments - Unrestricted	\$ 20,042	\$ 12,786	\$ 4,472	\$ 5,048	\$ 1,714	\$ 332,339	\$ 54,299	\$ 73,376		
Receivables:										
Accounts	-	1,400	-	1,580	-	-	16,944	-		
Loans	-	-	-	-	-	-	-	-		
Prepaid Items	-	-	-	-	-	-	-	-		
TOTAL ASSETS	\$ 20,042	\$ 14,186	\$ 4,472	\$ 6,628	\$ 1,714	\$ 332,339	\$ 71,243	\$ 73,376		
LIABILITIES:										
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 520	\$ -	\$ 12,126	\$ 577		
Accrued Liabilities	-	-	-	-	-	-	-	-		
Due to Other Funds	-	-	-	-	-	-	-	-		
TOTAL LIABILITIES	-	-	-	-	520	-	12,126	577		
DEFERRED INFLOWS:										
Unavailable Revenue	-	-	-	-	-	-	-	-		
FUND BALANCES:										
Nonspendable	-	-	-	-	-	-	-	-		
Restricted	20,042	14,186	4,472	6,628	-	332,339	59,117	72,799		
Committed	-	-	-	-	-	-	-	-		
Assigned	-	-	-	-	1,194	-	-	-		
TOTAL FUND BALANCES	20,042	14,186	4,472	6,628	1,194	332,339	59,117	72,799		
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 20,042	\$ 14,186	\$ 4,472	\$ 6,628	\$ 1,714	\$ 332,339	\$ 71,243	\$ 73,376		

County of Benzie, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

	Special Revenue Funds							Debt Service Fund
	Veteran's Trust	Veteran's Memorial	CDBG Housing Grant	Light House	Brownfield Redevelopment Authority	Juvenile Justice	Clerk Tech. Fund	Government Center Addition
ASSETS:								
Cash, Equivalents and Investments - Unrestricted	\$ -	\$ 61,581	\$ 66,036	\$ 3,246	\$ 19,454	\$ 229	\$ 29,454	\$ 34,310
Receivables:								
Accounts	-	-	-	-	-	2,477	-	-
Loans	-	-	873,944	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 61,581	\$ 939,980	\$ 3,246	\$ 19,454	\$ 2,706	\$ 29,454	\$ 34,310
LIABILITIES:								
Accounts Payable	\$ -	\$ 34	\$ -	\$ -	\$ -	\$ 1,403	\$ -	\$ 175
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	1,303	-	-
TOTAL LIABILITIES	-	34	-	-	-	2,706	-	175
DEFERRED INFLOWS:								
Unavailable Revenue	-	-	873,944	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	61,547	66,036	3,246	19,454	-	29,454	34,135
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	-	61,547	66,036	3,246	19,454	-	29,454	34,135
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ -	\$ 61,581	\$ 939,980	\$ 3,246	\$ 19,454	\$ 2,706	\$ 29,454	\$ 34,310

Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2018

	Debt Service Fund	Capital Project Funds					Totals
		Maples Debt Millage	Jail Reserve	Railroad Point	Equipment Replacement	Medical Care Facility Renovation	
ASSETS:							
Cash, Equivalents and Investments - Unrestricted	\$ 184,237	\$ 67,442	\$ 7,486	\$ 62,163	\$ 279,460	\$ 2,713,055	
Receivables:							
Accounts	-	-	-	383	-	246,777	
Loans	-	-	-	-	-	873,944	
Prepaid Items	-	-	-	-	-	5,786	
TOTAL ASSETS	<u>\$ 184,237</u>	<u>\$ 67,442</u>	<u>\$ 7,486</u>	<u>\$ 62,546</u>	<u>\$ 279,460</u>	<u>\$ 3,839,562</u>	
LIABILITIES:							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 206,051	\$ 319,208	
Accrued Liabilities	-	-	-	-	-	14,161	
Due to Other Funds	-	-	-	-	-	7,892	
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206,051</u>	<u>341,261</u>	
DEFERRED INFLOWS:							
Unavailable Revenue	-	-	-	-	-	873,944	
FUND BALANCES:							
Nonspendable	-	-	-	-	-	5,786	
Restricted	184,237	67,442	7,486	-	73,409	2,056,487	
Committed	-	-	-	62,546	-	114,209	
Assigned	-	-	-	-	-	447,875	
TOTAL FUND BALANCES	<u>184,237</u>	<u>67,442</u>	<u>7,486</u>	<u>62,546</u>	<u>73,409</u>	<u>2,624,357</u>	
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 184,237</u>	<u>\$ 67,442</u>	<u>\$ 7,486</u>	<u>\$ 62,546</u>	<u>\$ 279,460</u>	<u>\$ 3,839,562</u>	

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018**

	Special Revenue Funds							
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's	Benzie Co. Dive Team	Benzie Co. DARE	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol
REVENUES:								
Taxes	\$ -	\$ 119,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	5,240	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	23,490
Charges for Services	-	-	-	-	-	-	-	-
Refunds and Reimbursements	-	981	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	230	-
Contributions	10,210	-	-	-	-	300	-	-
Other Revenue	-	618	-	-	-	-	-	164
TOTAL REVENUES	10,210	120,613	-	-	-	300	5,470	23,654
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	6,081	108,307	-	-	-	76	-	13,330
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,081	108,307	-	-	-	76	-	13,330
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,129	12,306	-	-	-	224	5,470	10,324
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	1,736	-	-
Operating Transfers Out	-	-	-	-	(1,736)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	4,129	12,306	-	-	(1,736)	1,960	5,470	10,324
FUND BALANCES, OCTOBER 1	14,294	39,357	12	1,382	1,736	1,502	72,290	23,801
FUND BALANCES, SEPTEMBER 30	\$ 18,423	\$ 51,663	\$ 12	\$ 1,382	\$ -	\$ 3,462	\$ 77,760	\$ 34,125

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018

Special Revenue Funds										
	Marine Patrol	Snowmobile Patrol	Parks and Rec. Ice Rink	Airport Authority	Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	CDBG Grant		
REVENUES:										
Taxes	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Federal Sources	-	-	-	-	-	-	-	-		
State Sources	9,600	-	-	-	10,518	10,000	-	-		130,419
Local Sources	-	-	1,000	-	-	-	-	-		-
Charges for Services	-	-	-	-	305,710	-	18,435	-		-
Refunds and Reimbursements	-	-	-	44,972	2,911	-	-	-		-
Interest and Rentals	-	-	-	-	170	-	-	-		-
Contributions	-	3,900	250	-	13,938	-	-	-		-
Other Revenue	-	63	-	-	-	-	-	-		-
TOTAL REVENUES	9,600	3,963	1,250	44,972	333,247	10,000	18,435	130,419		
EXPENDITURES:										
Judicial	-	-	-	-	-	-	-	-		-
General Government	-	-	-	-	-	-	-	-		-
Public Safety	9,597	9,939	-	-	-	-	-	-		-
Public Works	-	-	-	44,811	258,102	-	13,562	130,419		-
Health and Welfare	-	-	-	-	-	-	-	-		-
Recreation and Cultural	-	-	1,250	-	-	16,800	-	-		-
Capital Outlay	-	-	-	-	-	-	-	-		-
TOTAL EXPENDITURES	9,597	9,939	1,250	44,811	258,102	16,800	13,562	130,419		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3	(5,976)	-	161	75,145	(6,800)	4,873	-		
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	-	2,650	-	-	-	-	-	-		-
Operating Transfers Out	-	-	-	-	-	-	-	-		-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3	(3,326)	-	161	75,145	(6,800)	4,873	-		
FUND BALANCES, OCTOBER 1	1,147	10,937	17	584	63,739	9,416	28,970	-		
FUND BALANCES, SEPTEMBER 30	\$ 1,150	\$ 7,611	\$ 17	\$ 745	\$ 138,884	\$ 2,616	\$ 33,843	\$ -		

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018

	Special Revenue Funds							
	Land Reutilization Fund	Remonumentation Survey Grant	GIS Information System	Animal Control	Building Department	Register of Deeds Automation	Homeland Security	911 Emergency Service
REVENUES:								
Taxes	-	\$ -	\$ -	\$ 118,490	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	27,392	-	-	-	-	-	-
Local Sources	-	-	-	-	821	-	-	-
Charges for Services	51,195	-	118	12,997	359,596	27,615	-	756,704
Refunds and Reimbursements	1,266	-	-	847	1,136	-	-	3,010
Interest and Rentals	-	-	-	-	-	353	-	-
Contributions	-	-	-	28,557	-	-	-	-
Other Revenue	-	-	-	2,041	-	-	-	-
TOTAL REVENUES	52,461	27,392	118	162,932	361,553	27,968	-	759,714
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	6,510	26,809	-	-	-	47,570	-	-
Public Safety	-	-	-	177,427	341,056	-	-	728,112
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,510	26,809	-	177,427	341,056	47,570	-	728,112
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	45,951	583	118	(14,495)	20,497	(19,602)	-	31,602
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	10,000	-	-	20,000	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	55,951	583	118	5,505	20,497	(19,602)	-	31,602
FUND BALANCES, OCTOBER 1	56,753	27,478	6,993	165,833	43,157	150,038	1,630	586,359
FUND BALANCES, SEPTEMBER 30	\$ 112,704	\$ 28,061	\$ 7,111	\$ 171,338	\$ 63,654	\$ 130,436	\$ 1,630	\$ 617,961

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018

	Special Revenue Funds							
	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library	Commission on Aging	Child Care	Soldier's Relief
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,026,288	\$ -	\$ 48,217
Federal Sources	-	-	-	-	-	-	-	-
State Sources	7,743	-	-	4,433	-	-	104,081	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	5,000	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	-	11,800	6,840	678
Interest and Rentals	-	-	-	-	-	171	-	-
Contributions	-	-	-	-	-	-	-	2,000
Other Revenue	-	-	416	-	5,000	-	-	-
TOTAL REVENUES	7,743	5,000	416	4,433	5,000	1,038,259	110,921	50,895
EXPENDITURES:								
Judicial	-	-	-	-	20,012	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	5,732	6,932	148	5,220	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	1,034,230	263,854	48,779
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	5,732	6,932	148	5,220	20,012	1,034,230	263,854	48,779
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,011	(1,932)	268	(787)	(15,012)	4,029	(152,933)	2,116
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	15,000	-	200,274	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,011	(1,932)	268	(787)	(12)	4,029	47,341	2,116
FUND BALANCES, OCTOBER 1	18,031	16,118	4,204	7,415	1,206	328,310	11,776	70,683
FUND BALANCES, SEPTEMBER 30	\$ 20,042	\$ 14,186	\$ 4,472	\$ 6,628	\$ 1,194	\$ 332,339	\$ 59,117	\$ 72,799

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018

	Special Revenue Funds							Debt Service Fund
	Veteran's Trust	Veteran's Memorial	CDBG Housing Grant	Light House	Brownfield Redevelopment Authority	Juvenile Justice	Clerk Tech. Fund	Government Center Addition
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	15,000	-	-
Local Sources	-	52,231	-	-	1,266	-	-	-
Charges for Services	-	-	-	-	-	-	9,928	-
Refunds and Reimbursements	-	-	69,371	-	-	-	110	-
Interest and Rentals	-	-	172	-	-	-	67	108,902
Contributions	-	10,793	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
TOTAL REVENUES	-	63,024	69,543	-	1,266	15,000	10,105	108,902
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	390	9,184
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	1,266	-	-	-
Health and Welfare	5,020	1,477	101,374	-	-	16,659	-	-
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	100,243
TOTAL EXPENDITURES	5,020	1,477	101,374	-	1,266	16,659	390	109,427
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,020)	61,547	(31,831)	-	-	(1,659)	9,715	(525)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	229	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(5,020)	61,547	(31,831)	-	-	(1,430)	9,715	(525)
FUND BALANCES, OCTOBER 1	5,020	-	97,867	3,246	19,454	1,430	19,739	34,660
FUND BALANCES, SEPTEMBER 30	\$ -	\$ 61,547	\$ 66,036	\$ 3,246	\$ 19,454	\$ -	\$ 29,454	\$ 34,135

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018

	Debt Service Fund	Capital Project Funds					Totals
	Maples Debt Millage	Jail Reserve	Railroad Point	Equipment Replacement	Medical Care Facility Renovation		
REVENUES:							
Taxes	\$ 768,245	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,080,254
Federal Sources	-	-	-	-	-	-	135,659
State Sources	-	-	-	-	-	-	188,767
Local Sources	8,577	-	-	16,200	-	-	103,585
Charges for Services	-	-	-	8,648	-	-	1,555,946
Refunds and Reimbursements	1,327	3,779	-	53,895	-	-	202,923
Interest and Rentals	8,282	2,004	-	-	-	-	120,351
Contributions	-	-	5,100	8,106	-	-	83,154
Other Revenue	-	-	-	-	-	-	8,302
TOTAL REVENUES	786,431	5,783	5,100	86,849	-	-	4,478,941
EXPENDITURES:							
Judicial	-	-	-	-	-	-	20,012
General Government	-	-	-	78,758	644,315	-	813,536
Public Safety	-	132,147	-	-	-	-	1,544,104
Public Works	-	-	-	-	-	-	448,160
Health and Welfare	516,217	-	-	-	-	-	1,987,610
Recreation and Cultural	-	-	5,000	-	-	-	23,050
Capital Outlay	-	-	-	72,940	-	-	173,183
TOTAL EXPENDITURES	516,217	132,147	5,000	151,698	644,315	-	5,009,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	270,214	(126,364)	100	(64,849)	(644,315)	-	(530,714)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	-	-	-	9,000	600,000	-	858,889
Operating Transfers Out	(600,000)	-	-	(2,500)	-	-	(604,236)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(329,786)	(126,364)	100	(58,349)	(44,315)	-	(276,061)
FUND BALANCES, OCTOBER 1	514,023	193,806	7,386	120,895	117,724	-	2,900,418
FUND BALANCES, SEPTEMBER 30	\$ 184,237	\$ 67,442	\$ 7,486	\$ 62,546	\$ 73,409	\$ -	\$ 2,624,357

County of Benzie, Michigan**Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2018**

	<u>Tax Admin</u>	<u>Tax Foreclosure</u>	<u>Sheriff Commissary</u>	<u>Totals</u>
ASSETS:				
Cash and Equivalents -Unrestricted	<u>\$ 53,260</u>	<u>\$ 867,231</u>	<u>\$ 1,410</u>	<u>\$ 921,901</u>
TOTAL ASSETS	<u><u>\$ 53,260</u></u>	<u><u>\$ 867,231</u></u>	<u><u>\$ 1,410</u></u>	<u><u>\$ 921,901</u></u>
NET POSITION:				
Unrestricted	<u>53,260</u>	<u>867,231</u>	<u>1,410</u>	<u>921,901</u>
TOTAL NET POSITION	<u><u>\$ 53,260</u></u>	<u><u>\$ 867,231</u></u>	<u><u>\$ 1,410</u></u>	<u><u>\$ 921,901</u></u>

County of Benzie, Michigan**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Nonmajor Enterprise Funds
Year Ended September 30, 2018**

	<u>Tax Admin</u>	<u>Tax Foreclosure</u>	<u>Sheriff Commissary</u>	<u>Totals</u>
OPERATING REVENUES:				
Charges for Services	<u>\$ -</u>	<u>\$ 187,325</u>	<u>\$ 7,865</u>	<u>\$ 195,190</u>
TOTAL OPERATING REVENUES	<u>-</u>	<u>187,325</u>	<u>7,865</u>	<u>195,190</u>
OPERATING EXPENSES:				
Personal Services	-	30,000	-	30,000
Other Supplies and Expenses	<u>1,100</u>	<u>54,964</u>	<u>8,590</u>	<u>64,654</u>
Total Operating Expenses	<u>1,100</u>	<u>84,964</u>	<u>8,590</u>	<u>94,654</u>
OPERATING INCOME (LOSS)	<u>(1,100)</u>	<u>102,361</u>	<u>(725)</u>	<u>100,536</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest Income	<u>-</u>	<u>2,106</u>	<u>-</u>	<u>2,106</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(1,100)</u>	<u>104,467</u>	<u>(725)</u>	<u>102,642</u>
Transfer Out	<u>-</u>	<u>(66,023)</u>	<u>-</u>	<u>(66,023)</u>
CHANGES IN NET POSITION	<u>(1,100)</u>	<u>38,444</u>	<u>(725)</u>	<u>36,619</u>
NET POSITION, OCTOBER 1	<u>54,360</u>	<u>828,787</u>	<u>2,135</u>	<u>885,282</u>
NET POSITION, SEPTEMBER 30	<u><u>\$ 53,260</u></u>	<u><u>\$ 867,231</u></u>	<u><u>\$ 1,410</u></u>	<u><u>\$ 921,901</u></u>

County of Benzie, Michigan

Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2018

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received From Customers or Users	\$ -	\$ 186,725	\$ 7,865	\$ 194,590
Cash Payments to Suppliers	(1,100)	(84,964)	(8,590)	(94,654)
Net Cash Provided (Used) by Operating Activities	(1,100)	101,761	(725)	99,936
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:				
Operating Transfers Out	-	(66,023)	-	(66,023)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	-	(66,023)	-	(66,023)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	-	2,106	-	2,106
Net Cash Provided (Used) by Investing Activities	-	2,106	-	2,106
Net Increase (Decrease) in Cash	(1,100)	37,844	(725)	36,019
Cash and Equivalents at Beginning of Year	54,360	829,387	2,135	885,882
Cash and Equivalents at End of Year	<u>\$ 53,260</u>	<u>\$ 867,231</u>	<u>\$ 1,410</u>	<u>\$ 921,901</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (1,100)	\$ 102,361	\$ (725)	\$ 100,536
Changes in Assets and Liabilities:				
Decrease (Increase) in Assets:				
Accounts Payable	-	(600)	-	(600)
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,100)</u>	<u>\$ 101,761</u>	<u>\$ (725)</u>	<u>\$ 99,936</u>

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Report on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

**INDEPENDENT AUDITOR'S 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**

Members of the Board of Commissioners
County of Benzie, Michigan
448 Court Place
Beulah, Michigan 49617

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Benzie, Michigan as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County of Benzie, Michigan's basic financial statements and have issued our report thereon dated March 4, 2019. Our report includes a reference to other auditors who audited the financial statements of the Benzie Transportation Authority, a discretely presented component unit, and the County Medical Care Facility, a business-type activity, as described in our report on the County of Benzie, Michigan'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. The financial statements of the County Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Members of the Board of Commissioners
County of Benzie, Michigan

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency listed as 2018-001.

Compliance and Other Matters

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

County of Benzie, Michigan's Response to Findings

The County of Benzie, Michigan's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The County of Benzie, Michigan's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Anderson Tackman & Co PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

March 4, 2019

Internal Control Over Financial Reporting

Significant Deficiencies

**Inability of Management to Prepare the Financial Statements in Accordance
with Generally Accepted Accounting Principles**

Finding 2018-001

Specific Requirement: Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 115.

Criteria: Internal controls should be in place to provide reasonable assurance to the County that management reports financial statements necessary to monitor and report annual and interim financial activity without auditor intervention.

Condition: Personnel responsible for financial reporting are not monitoring and reporting interim or annual financial activity without auditor intervention.

Effect: The effect of this condition places a reliance on the independent auditor as part of the County's internal controls over financial reporting.

Cause: Unknown.

Recommendation: The County should review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Corrective Action Planned: The Administrator's office intends to work through the Board's Finance Committee to identify and lay out requirements for regular financial reporting.

- Contact Person(s) Responsible for Correction:
Mitch Deisch, County Administrator

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Additional Information

COUNTY OF BENZIE, MICHIGAN

ADDITIONAL INFORMATION

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MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Members of the Board of Commissioners
County of Benzie, Michigan
448 Court Place
Beulah, Michigan 49617

Our report on our audit of the basic financial statements of the County of Benzie, Michigan, as of and for the year ended September 30, 2018, appears on page 1. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson Tackman & Co PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

March 4, 2019

NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS:

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of September 30, 2018, the County has the following debt issues which apply to SEC Rule 15c2-12:

1. \$6,760,000 2013 Building Authority Bonds

NOTE 2 - TABLES:

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12:

A. State Equalized Valuation:

	50% of True Value
2018	\$ 1,737,231,564
2017	1,693,278,917
2016	1,602,436,793
2015	1,595,021,895
2014	1,516,760,157
2013	1,455,041,795
2012	1,446,019,671
2011	1,488,154,893
2010	1,570,440,129
2009	1,771,098,199

Source: Benzie County

B. Taxable Valuation:

2018	\$ 1,263,396,604
2017	1,213,795,673
2016	1,160,540,117
2015	1,158,546,881
2014	1,131,377,921
2013	1,110,839,737
2012	1,099,298,583
2011	1,088,756,179
2010	1,097,564,619
2009	1,066,749,869

Source: Benzie County

NOTE 2 - TABLES: (Continued)

<u>2018 Breakdown by Use</u>	
Residential	89.76%
Commercial	6.28%
Industrial	.37%
Utility	1.37%
Agricultural	2.11%
Timber-Cutover	<u>.11%</u>
TOTAL	100.00%
<u>2018 Breakdown by Class</u>	
Real	97.67%
Personal	<u>2.33%</u>
TOTAL	100.00%

Source: Benzie County

C. County Tax Rates & Levies:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County Operating	3.4528	3.4692	3.4919	3.5144	3.5144
MCF Debt & Operations	0.9958	0.9976	0.9976	1.0000	1.0000
Commission on Aging	0.8460	0.8500	0.6557	0.6600	0.6600
Animal Control	0.0977	0.0982	0.0975	0.0982	0.0982
Ambulance	0.7910	0.7948	0.8000	0.5795	0.5795
Soldier Relief	0.0400	0.0400	0.0400	0.0600	0.0600
Conservation District	0.1250	0.0986	0.0993	0.1000	0.1000
TNT Operations	0.0986	0.0986	0.0993	0.1000	.1000
Voted County (Jail)	<u>0.8841</u>	<u>0.8883</u>	<u>0.8942</u>	<u>0.9000</u>	<u>0.9000</u>
TOTAL COUNTY	7.3310	7.3353	7.1755	7.0121	7.0121
Road Commission	1.000	0.9871	0.9936	1.0000	1.0000
Traverse Bay Area I/S/D	<u>2.9197</u>	<u>2.9234</u>	<u>2.9299</u>	<u>2.9312</u>	<u>2.9312</u>
TOTAL ALL JURISDICTIONS	11.2507	11.2458	11.0990	10.9433	10.9433

The County's authorized operating tax rate is 5.2900 mills.

Source: Benzie County

NOTE 2 - TABLES: (Continued)

D. Tax Collection Record:

County of Benzie pays from a 100% Tax Payment Fund delinquent real property taxes of all municipalities in the County, including the County. Delinquent personal property taxes are negligible. The County's fiscal year begins October 1. County taxes are due July 1 and December 1 and become delinquent the following March 1.

Year	Tax Levy	Amount	Real %	Personal %
2018	43,401,787	41,276,953	95.10%	100%
2017	41,526,215	39,499,746	95.12%	100%
2016	39,193,822	37,176,154	94.85%	100%
2015	39,084,549	37,092,170	94.90%	100%
2014	37,168,620	35,224,059	94.76%	100%
2013	36,683,813	34,538,205	94.15%	100%
2012	35,114,232	33,018,137	94.03%	100%
2011	34,501,022	32,246,500	93.46%	100%
2010	33,628,263	31,209,130	92.80%	100%
2009	33,698,452	31,360,953	93.10%	100%

**Reflects only real property delinquencies and assumes 100% collection of personal property taxes.

Source: Benzie County

E. General Fund Revenues and Expenditures:

	2018	2017	2016	2015
Revenues & Transfers In	\$ 6,441,926	\$ 6,328,056	\$ 6,026,846	\$ 6,373,098
Expenditures & Transfers Out	<u>6,469,086</u>	<u>6,163,909</u>	<u>6,057,041</u>	<u>6,382,133</u>
Revenues over(under) expenditures	(27,160)	164,147	(30,195)	(9,035)
Beginning Fund Balance	<u>1,808,812</u>	<u>1,644,665</u>	<u>1,674,860</u>	<u>1,683,895</u>
ENDING FUND BALANCE	<u>\$ 1,781,652</u>	<u>\$ 1,808,812</u>	<u>\$ 1,644,665</u>	<u>\$ 1,674,860</u>

Source: Benzie County

NOTE 2 - TABLES: (Continued)

F. Debt Statement:

	<u>Gross</u>	<u>Self-Supporting or Portion Paid Directly by Benefited Municipalities</u>	<u>Net</u>
Direct Debt of County:			
Building Authority	<u>\$ 5,195,000</u>	<u>\$ -</u>	<u>\$ 5,195,000</u>

In addition to the above, the County issues self-supporting Limited
Tax Delinquent Fund Tax Notes each year which mature in 1 to 3 years.

Per Capita County Net Direct Debt	\$ 296.43
Percent County Net Direct Debt to 2018 TV	0.41 %

OVERLAPPING DEBT OF COUNTY:

School Districts	\$ 6,303,262
Cities	1,184,000
Townships	-
Villages	461,484
Intermediate School Districts	<u>-</u>
Net Overlapping Debt	<u>\$ 7,948,746</u>
Net County and Overlapping Debt	<u>\$ 13,143,746</u>
Per Capita County Net Direct and Overlapping Debt	\$ 750.00
Percent Net Direct and Overlapping Debt to 2018 TV	1.03%

Source: County of Benzie and Municipal Advisory Council of Michigan



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Members of the Board of Commissioners
County of Benzie, Michigan
448 Court Place
Beulah, MI 49617

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 Benzie, Michigan for the year ended September 30, 2018, and have issued our report thereon dated March 4, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

As stated in our engagement letter dated November 2, 2018, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County of Benzie, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the County of Benzie, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, employee benefits and budgetary comparison schedules, which supplement the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on combining fund financial statements which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the Securities Exchange Commission (SEC) section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters dated November 2, 2018.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Benzie, Michigan are described in Note 1 to the financial statements. One new accounting policy was adopted regarding GASB Statement Number 75 and the application of existing policies were not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of vested employee benefits is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$15,550.
- Management's estimate of the amounts, required contributions and other items for OPEB Obligations and pension liabilities were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Comments and Recommendations

Employee Deductions (Prior Year)

It was noted during our review of payroll that in one instance an employee has an incorrect amount withheld from their paycheck based on the level of the benefit the employee had indicated on their deduction approval form. We recommend that all employee deductions be reviewed at least on yearly basis to ensure that deduction approval forms are up to date and that the deduction amounts in the payroll system agree to employee deduction approval form.

Status: Corrected.

Employee Time Sheets (Prior Year)

It was noted during our review of payroll that on multiple instances that timesheets were missing employee authorization signatures. We recommend that all timesheets have authorization signatures for both the employee and their supervisor as an attestation to the time worked in the period.

Status: Uncorrected.

Trust and Agency Fund (Prior Year)

Federal PILT payments have not been distributed during the past two years. We recommend that management distribute federal pilt funds as required.

Status: Corrected.

Inactive Funds

The general ledger contains several funds which are inactive or have had limited activity. These funds should be closed upon approval of the Board of Commissioners and residual amounts transferred to the general fund.

Pre-signed Checks

It was noted during our review of the disbursement system, the inmate trust account custodian is pre-signing checks and storing those pre-signed checks in the printer. We recommend that this practice be stopped as it circumvents the controls process and creates a weak control environment by removing one reviewer function on every check issued out of that department.

Check Numbers

It was noted that the inmate trust account custodian is executing checks from various points in a single check sequence. We recommend that all checks be written in sequential order to ensure proper tracking and control throughout the distribution process.

Deposit Details

During our review of the receipts process, the county had two deposit details that did not agree to the amount of the actual deposits. We recommend that every deposit be reviewed to ensure that the amount represented on the deposit detail agree to the actual deposit slip from the bank and that all variances be resolved if noted.

Prepaid Items

During our review of prepaid items, we noted these accounts have not been updated. All prepaid expense accounts should be reconciled to amortization schedules and reviewed at least annually for accurate reporting.

Fixed Asset Capitalization

It was noted through our review of capital outlay accounts that the county had not capitalized a few items that upon review, should have been capitalized and that one item that had been capitalized should not have been. We recommend that more care be taken in the future to ensure that all items being capitalized meet the county's capitalization criteria to be capitalized and that all items in capital outlay and repair and maintenance expense accounts be reviewed to ensure that all items meeting the criteria are recorded properly as capital asset additions.

Single Approach for Reporting Leases

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donates assets, and leases of intangible assets.

Under the new Statement a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability.
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payment to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, www.gasb.org.

GASB 83 – Certain Asset Retirement Obligations

Effective 06/15/19 (your FY 2019)

This statement addresses accounting and financial reporting for certain asset retirement obligations—legally enforceable liabilities associated with the retirement of a tangible capital assets.

GASB 84 – Fiduciary Activities

Effective 12/15/2019 (your FY 2019)

This standard establishes new criteria for determine how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods. Due to the number of specific factors to consider, management should assess the degree to which this standard may impact the County.

GASB 86 – Certain Debt Extinguishment Issues
Effective 06/15/2018 (your FY 2018)

This standard provides guidance for reporting the in-substance defeasance of outstanding debt obligations using existing resources. Qualifying transactions will remove both the assets placed into trust and the related debt obligation from the government's statement of net position.

Other Matters

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

We were not engaged to report on the Securities Exchange Commission (SEC) section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Conclusion

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendation, please contact us.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, federal awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Tackman & Co PLLC
Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

March 4, 2019

