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# GENESEE COUNTY

✧ *Michigan* ✧

## **Comprehensive Annual Financial Report For Fiscal Year Ended September 30, 2016**

**Prepared by  
The Genesee County Controller's Office**

# Genesee County, Michigan

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## Contents

### Introductory Section

List of Principal Officials	i
Letter of Transmittal	ii-xi
Organization Chart	xii
Certificate of Achievement for Excellence in Financial Reporting	xiii

### Financial Section

Report Letter	1-4
Management's Discussion and Analysis	5-14
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	15-16
Statement of Activities	17-18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	19-20
Reconciliation of the Balance Sheet to the Statement of Net Position	21
Statement of Revenue, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Proprietary Funds:	
Statement of Net Position	24
Statement of Revenue, Expenses, and Changes in Net Position	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Position	28
Statement of Changes in Fiduciary Net Position	29
Component Units:	
Statement of Net Position	30-31
Statement of Activities	32-33
Notes to Financial Statements	34-89

# Genesee County, Michigan

## Contents (Continued)

<b>Required Supplemental Information</b>	90
Budgetary Comparison Schedule - General Fund	91-92
Budgetary Comparison Schedule - Major Special Revenue Funds	93-95
Schedule of Changes in the County Net Pension Liability and Related Ratios	96
Schedule of Pension Contributions	97
OPEB System Schedule	98
Note to Required Supplemental Information	99-100
<b>Other Supplemental Information</b>	101
Nonmajor Governmental Funds:	
Fund Descriptions	102-104
Combining Balance Sheet	105-110
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	111-116
Nonmajor Enterprise Funds:	
Fund Descriptions	117
Combining Statement of Net Position	118
Combining Statement of Revenue, Expenses, and Changes in Net Position	119
Combining Statement of Cash Flows	120
Internal Service Funds:	
Fund Descriptions	121-123
Combining Statement of Net Position	124
Combining Statement of Revenue, Expenses, and Changes in Net Position	125
Combining Statement of Cash Flows	126-127
Fiduciary Funds:	
Fund Descriptions	128
Statement of Fiduciary Net Position	129
Combining Statement of Changes in Fiduciary Net Position	130
Statement of Changes in Assets and Liabilities	131
Component Units:	
Brownfield Authority Fund Based Balance Sheet	132
Brownfield Authority Fund Based Schedule of Revenues and Expenditures	133
Drain Special Assessment Fund Based Balance Sheet	134
Drain Special Assessment Fund Based Schedule of Revenues and Expenditures	135
Economic Development Corporation Fund Based Balance Sheet	136
Economic Development Corporation Fund Based Schedule of Revenues and Expenditures	137

# Genesee County, Michigan

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## Contents (Continued)

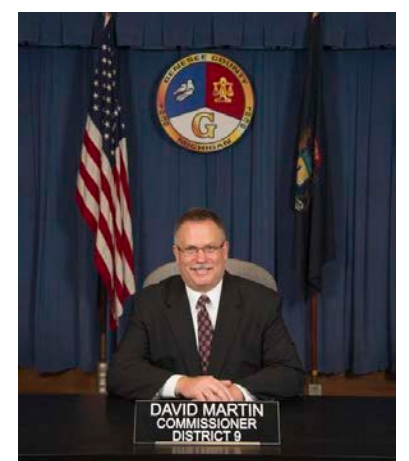
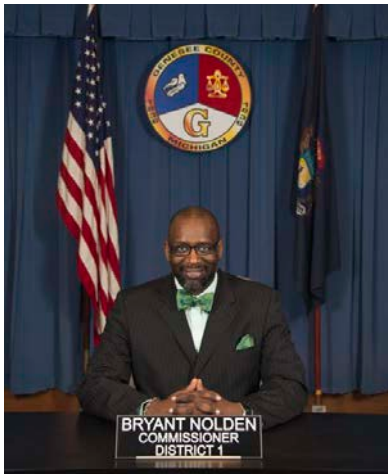
<b><u>Statistical Section</u></b>	<b>138</b>
Financial Trend Information:	139
Net Position by Component	140
Changes in Governmental Net Position	141
Changes in Business-type Net Position	142
Fund Balances - Governmental Funds	143
Changes in Fund Balances - Governmental Funds	144
Revenue Capacity Information:	
Taxable Value by Property Type and Actual Value	145
Direct and Overlapping Property Tax Rates	146
Principal Property Taxpayers	147
Property Tax Levies and Collections	148
Debt Capacity Information:	
Ratios of Outstanding Debt	149
Ratios of General Bonded Debt Outstanding	150
Direct and Overlapping Governmental Activities Debt	151
Legal Debt Margin	152
Pledged-revenue Coverage	153
Demographic and Economic Information:	
Demographic and Economic Statistics	154
Principal Employers	155
Operating Information:	
Full-time Equivalent Government Employees	156
Operating Indicators	157-158
Capital Asset Statistics	159-160

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
**GENESEE COUNTY, MICHIGAN**

September 30, 2016

**Board of Commissioners**

Mark Young, Chairperson of the Board



**Prepared by:**

Controller's Office

**Controller:**

**Independent Auditors:**

Plante & Moran, PLLC



# GENESEE COUNTY CONTROLLER'S OFFICE

1101 Beach Street, 3<sup>rd</sup> Floor. Flint, Michigan 48502  
Phone: (810) 257-3040. Fax (810) 257-3560

The Board of County Commissioners Genesee County  
Flint, Michigan

March 23, 2017

The Comprehensive Annual Financial Report of Genesee County for the fiscal period ended September 30, 2016 is submitted herein. This report was prepared by the Genesee County Controller. Responsibility for both the accuracy of the presented data and the completeness and fairness of this presentation, including all disclosures, rests with the County. We believe the data as presented is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain the maximum understanding of the County's financial activity have been included. A more detailed statement of management's responsibility for the financial statements is included in the Financial Section of this report, following the Auditor's opinion. In addition, the report provides a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was selected and approved by the Board. In addition to meeting the requirements set forth in State statutes, the audit is designed to meet the requirements of the Federal Single Audit Act of 1984 and related OMB Circular A-133. Plante & Moran, PLLC has issued an unmodified ("clean") opinion on Genesee County's financial statements for the fiscal year ended September 30, 2016. That report on the basic financial statements, and combining and individual fund statements and schedules, is included in the financial section of this report. The auditor's report related specifically to the single audit is not included in this report, but is issued as a separate report.

## **THE REPORTING ENTITY AND ITS SERVICES**

The funds and entities related to Genesee County included in this Comprehensive Annual Financial Report are considered to be within the overall responsibility of the Board of Commissioners. The criteria used in determining the reporting entity are consistent with Governmental Accounting Standards Board Codification Section 2100. Based on these criteria, the various funds and account groups shown in the Table of Contents are included in this report. Also included in this report are the Genesee County Building Authority, Genesee County Employees Retirement System, Genesee County Road Commission, Water and Waste Services, Economic Development Corporation, Drains, Genesee County Land Bank Authority, Brownfield Authority, Storm Water Management System, and Genesee Health Services, which are presented as component units of Genesee County Government.

## **Background**

Genesee County is geographically located in the southeast region of Michigan's Lower Peninsula, approximately 60 miles northwest of Detroit. It is the fifth largest county in the state of Michigan with a population of 425,790 based on the 2010 Census. The dominant city of the County is Flint, which has a population of 102,434. Further information regarding the description of the County and its operations is included in Note I to the Financial Statements.

## **Organization of Government Unit**

The government structure of Genesee County is based upon the State Constitution and the general laws of the State of Michigan. The County's legislative body and its administrative body for many functions is the County Board of Commissioners. The Board consists of nine commissioners elected by direct vote from single member districts. In addition to the nine members of the Board of Commissioners, there are twenty-two other elected officials serving the County as judicial, administrative, or staff officers. An organizational chart depicting the County structure is shown on the page following this transmittal letter. The Controller is the Chief Accounting and Financial Officer of the County and assists the Board of Commissioners in fulfilling their responsibilities in the financial area. The County has assets totaling \$239.3 million for governmental and business-type activities and net deficit of \$49.6 million.

## **Services Provided**

The County is responsible for the management and financing of over 250 municipal services to its citizens. These services are separated into seven major program areas. These areas are: legislative, administration of justice, law enforcement and community protection, human services, community enrichment and development, management and planning, and general support. Approximately 95 percent of these services are mandated by State law and the Board's choice is to determine the funding level needed to maintain these functions at a serviceable level. The remaining 5 percent are discretionary. The Board's responsibility is to determine if these services should be funded and at what level.

The resources and expenditure data regarding these services are discussed in the Long Term Financial Planning section of this letter.

## **ECONOMIC CONDITION AND OUTLOOK**

### **HIGHER EDUCATION**

The role of higher education in the economic condition of Genesee County continues to expand as enrollment moves upward in our universities. Genesee County's higher education facilities include Kettering University, the University of Michigan-Flint, Michigan State University Flint College of Human Medicine, Baker College, Mott Community College, and branches for many other public and private colleges.

## **Kettering University**

Kettering University trains some of the best engineers in the world. In 2017, U.S News and World Report ranked Kettering University among the top engineering programs in the county. In December 2016, The Wall Street Journal ranked Kettering University first in the Midwest for career preparation.

Kettering University's chemical engineering program is now one of the few accredited programs in the state. Three major strengths in Kettering's program were cited: a strong emphasis on hands-on lab courses, a unique co-op program which graduates students with two-and-a-half years of chemical engineering work experience, and individualized education with strong faculty mentoring.

In 2012, the Charles Stewart Mott Foundation granted Kettering University \$15.5 million to lead several community improvements. The University Avenue Corridor Coalition was created, bringing together residents and area institutions, including Hurley and McLaren hospitals, to work collectively to beautify the area. Since then, Kettering has become a major land owner in Genesee County by purchasing parcels surrounding the university from the Genesee County Land Bank.

Kettering University has been awarded a \$1.9 million grant from the U.S. Economic Development Administration (EDA) for the completion of phase two of its Kettering University GM Mobility Research Center. The center is being constructed on a 19-acre property at the corner of Chevrolet Avenue and Bluff Street. Phase one of the project, which included construction of a three-acre test pad, has recently been completed.

Phase two construction, with support from the EDA grant, will begin in the spring of 2017. Components of phase two include a low-speed road course with elevation and surface changes, optional routes and other features aimed at creating diverse testing environments. A garage facility will be constructed to include automotive bays, conference and office space, and indoor lab space.

A distinctive aspect of the facility is its connection to Kettering's 4G LTE Advanced wireless cellular research network. Kettering is the only university in the country operating a private 4G LTE Advanced cellular network infrastructure. The network operates at ten times the data speed of current cellular networks.

Kettering is about community. In the recent years, the university opened Einstein Bros. Bagels and a Flint Police Service Center. Kettering's community ice rink, inside the historic Atwood Stadium on 701 University Avenue, opened January 22, 2014. The university's objective is to use the stadium as it was in the past; for community events. The stadium is part of Kettering University's regular campus security rounds. Members of the community are able to skate, free of charge, during the rink's hours of operation.

## **The University of Michigan - Flint**

UM-Flint has been expanding and improving buildings. The biggest improvement is the \$22-million project at the Murchie Science Building. The project includes adding four new labs, as well as upgrading the existing labs. Classrooms were also added for the English Language Program and the Nursing Program.



UM-Flint ranks as the fastest growing of Michigan's fourteen public universities. The enrollment continues to set new records. The 2016 fall enrollment was 7,078 students. With a capacity of 10,000 students, there is still room to grow. Small class sizes, lower costs, and less intimidating campus size all contribute to UM-Flint's popularity.

The enrollment increases represent significant numbers of international students. International student enrollment at UM-Flint continues to increase. The international students attending the University of Michigan-Flint, as well as international students attending Delta College, University Center at Mott Community College, and Kettering University, contributed in excess of \$12 million during 2015/2016 to the Genesee County economy in the form of tuition and living expenses.

The Riverfront Residence Hall, a 16-story former hotel in the downtown area, houses approximately 550 students of the University of Michigan-Flint, Baker College of Flint, Michigan State University College of Human Medicine, Kettering University, and Mott Community College. The dramatic increase in the number of students downtown is resulting in significant commercial development.

### **Michigan State University - College of Human Medicine**

In November 2014, Michigan State University's College of Human Medicine (MSU-CHM) unveiled its new medical education and public health research space in downtown Flint. Approximately 100 third-and-fourth-year MSU-CHM medical students, as well as MSU public health researchers, occupy about 40,000 square feet in the old Flint Journal building which was renovated for office and teaching space. The Charles Stewart Mott Foundation granted \$2.8 million to this endeavor.

### **Baker College**

In fall 2013, Baker added a master's degree in education and a bachelor's in political science, both online programs. Total enrollment for online programs at Baker is about 6,100, while another 7,500 students take one or more classes online in combination with on-campus classes.

At \$250 per credit hour, Baker College of Flint's online associate degree program was recently ranked as most affordable in the nation by SuperScholar.org. Rankings were based on a school's accreditation, marketability, selection of associate degrees, and tuition costs.

## **AUTOMOTIVE MANUFACTURING**

### **General Motors**

About 2,950 employees work in three shifts at Flint Assembly, a 3.7-million-square-foot complex. The plant is currently set up to produce the heavy-duty Chevrolet Silverado and GMC Sierra crew and regular cab trucks, as well as the light-duty Chevrolet Silverado crew and regular cab trucks. For the past two years, trucks made at Flint Assembly have received honors from J.D. Power and Associates for highest initial quality.

Flint Metal Center employs 1,415 workers in a 1.6-million-square-foot plant. Flint Metal Center produces sheet metal stampings for 20 GM facilities. General Motors has a payroll of \$600 million in Genesee County.

## **HEALTH CARE**

Health care continues to play a major role in the Genesee County economy employing in excess of 7,000 employees, almost as many employees as Genesee County's dominant industry - the automobile industry. Health Care employment is projected to grow by almost 14,000 jobs in the next five years. Combined, Genesys Health Care Systems, Hurley Medical Center, and McLaren Regional Medical Center recorded revenues in excess of \$1 billion for the Genesee County economy. These hospitals continue to upgrade/expand their services with some exciting initiatives planned for the future.

### **Genesys Regional Medical Center**

Genesys employs approximately 3,740 people and has \$280 million in estimated annual revenue. A major addition to the district was the \$3.9 million PACE Center operated by Genesys Health System that opened in 2015. PACE is a national health program created to help the elderly remain at home as long as possible. The PACE facility is the first in Genesee County and only the seventh in Michigan. PACE facilities allow elderly adults to live at home with a spouse, a child, or by themselves while receiving medical and social care at the facility *during the day*.

The PACE Center is approximately 18,000-square feet and serves an estimated 130 seniors daily, employing over 70 people. The facility also serves as an educational tool to local medical school programs.

Genesys opened its Downtown Flint Health Center in August 2013. They will be making a \$3 million investment over seven years. The Genesys Downtown Flint Health Center brings 70 jobs to the downtown area. The facility and its employees will add to the vitality of downtown and the health of the city through the increased commercial activity, parking leases and tax revenue, as well as property and income taxes.

The Genesys Urgent Care facility opened in October 2013. The urgent care facility is on the ground floor of the 20,000 square foot Genesys Downtown Flint Health Center. Genesys Urgent Care Downtown-Flint provides easy access for students, those who use public transportation, and those who work and live nearby.

### **McLaren Regional Medical Center**

McLaren employs approximately 2,250 people and has \$164 million in estimated annual revenue. In June 2014, McLaren Regional Medical Center opened its \$70 million Proton Therapy Center. It is the first in Michigan and 11th in the United States. The Proton Therapy Center offers cutting-edge cancer treatment that precisely targets tumors with millimeter accuracy while leaving most of the surrounding healthy tissue untouched. The Center employs 80 to 100 people. The \$8 million McLaren Hospitality House, built to accommodate cancer patients and their families during treatment, opened in July 2013.

## **Hurley Medical Center**

Hurley employs approximately 2,885 people and has \$217 million in estimated annual revenue. Hurley opened an urgent care center as part of the main hospital in September 2013. The clinic was created to provide services that are more in line with federal healthcare mandates, as well as to address a need for more urgent-care facilities in Flint. It is located at Hurley's former emergency department. The 1,500-square-foot facility has five rooms and operates 7 days a week. Patients at Hurley's urgent care clinic have quick access to Hurley's Emergency Department, if a higher level of care is required.

## **TRANSPORTATION AND UTILITIES**

### **Bishop International Airport**

Bishop offers flights with Southwest Airlines, Delta Air Lines, American Airlines, United, and Allegiant. Restructuring within the airline industry continues to reshape the air service offered at Bishop. Southwest flies 3 times per day to Chicago-Midway and serves the airport seasonally with nonstop service to Tampa, Orlando and Ft. Myers. Delta continues to serve the market with nonstop jet flights to Atlanta and Minneapolis. United and American continue to serve the Chicago-O'Hare market, and ultra-low fare carrier Allegiant has nonstop flights to Tampa Bay/St. Pete and Orlando/Sanford.

The Airport has invested heavily over the last several years in its cargo operation. Approximately \$34 million has been invested in the Intermodal Facility at the airport, aimed at boosting the economy by increasing truck and aircraft cargo transfers at the airport. It has more than 499,000 square feet of cargo ramp. FedEx is located there and has 10,695 square feet of Administrative offices; 51,500 square feet of sorting and warehouse space and 159,650 square feet usage of the cargo ramp. The airport continues to build upon this growth by participating with a multi-county effort to market the 1-69 International Trade Corridor Next Michigan Development Corporation. They also received a Renaissance Zone Marketing Area designation for potential future Cargo Development, and Foreign Trade Zone status is available.

### **International Trade Corridor**

The Interstate 69 International Trade Corridor, a Next Michigan Development Corporation (NMDC) created through the Michigan Economic Development Corporation, capitalizes on our region's position as a commercial gateway between the Midwest and Canada. The NMDC offers personal property tax abatements and tax-free Renaissance Zones to businesses that use multiple forms of transportation: highways, rail lines, deep-water ports and airports.

Genesee County's location on both 1-69 and 1-75, along with an outstanding rail system, a deep-water port in St. Clair County and an international airport puts us in a great position. Thirty-five communities from Genesee County and three neighboring counties, Shiawassee, Lapeer and St. Clair, will be cooperating in this effort. Bishop International Airport is at the core of this multi-modal concept.

## **Karegnondi Water Line**

Companies around the world are searching for a reliable water source for their industries. To attract industries, Genesee County, in partnership with our friends from Lapeer City, Lapeer County and Sanilac County, are investing in the Karegnondi Water Line. The water intake captures water from Lake Huron and pipes it to Genesee County following the 1-69 Corridor. The economic benefits of this project will be immediate and long lasting: Genesee County will have its own source of water and the project is estimated to create 1,000 jobs in our region.

## **New Retail Meijer Inc.**

Meijer invested \$15 million in a new 21,000-square-foot store in Swartz Creek which opened in 2013. Meijer has also invested in the renovation of its Hill Road location. Meijer employs more than 1,000 people at its four store locations in Genesee County.

## **REAL ESTATE**

Genesee County property values were up in 2016 for the third consecutive year following six years of declining values from 2008 through 2013. Total assessed values increased 5.38% in 2016. Notably, residential values increased 6.68% in 2016 and included over \$13 million from Del Webb Grand Reserve in Grand Blanc Township. New major commercial and industrial investments totaled over \$54 million and included \$24 million for the General Motors paint shop in the City of Flint, \$12 million for the Wellbridge Facility in the City of Fenton, \$7.5 million investment for Tranquility Estates senior living housing and Dort Federal Credit Union headquarters in Grand Blanc Township, \$7.9 million for the Fernco industrial property in Davison Township and over \$3 million in investment on smaller retail and restaurant properties in the county.

## **FINANCIAL OUTLOOK**

Genesee County continues to experience financial challenges as it recovers from the 2008 economic collapse. In 2016, the County experienced a 26.2% reduction in total taxable value from a peak of \$11.8 billion in 2007 to \$8.7 billion in 2016. On a positive note, 2016 taxable value rose minimally for a second year in a row by .73%. A small increase of 1% is expected in 2017.

There is uncertainty regarding revenue sharing payments which are at the discretion of the State of Michigan. Together, these two sources of revenue accounted for nearly 65% of total General Fund operating revenues.

The General Fund 2009 adopted budget called for expenditures totaling approximately \$103 million. The General Fund 2016 adopted budget estimated expenditures at approximately \$87.6 million, a reduction of 15% reflecting efforts to control spending in accordance with reduced revenue sources.

As a result of closely monitoring expenditures, staff attrition and concessionary employee contracts, the County's financial operations have steadily improved in recent years. The General Fund balance grew to \$25 million, or 27.5% of budgeted expenditures, at the close of fiscal 2016.

The Board of Commissioners adopted a balanced budget for 2017.

## **ACCOUNTING AND FINANCIAL POLICIES**

The County's accounting records for general governmental operations are maintained on a modified accrual basis, with revenue recorded when available and measurable and expenditures recorded when the services or goods are received and the related liabilities are incurred. Accounting records for the County's proprietary and similar fiduciary funds are maintained on the accrual basis.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

As a recipient of federal and state financial assistance, the County is responsible for ensuring an adequate internal control structure to ensure compliance with the applicable laws and regulations related to those programs, as well as meeting the single audit requirements.

The results of the County's 2015 single audit provided instances of material weaknesses in the internal control structure. These weaknesses were addressed in the single audit response and corrected during the 2015/2016 fiscal year. There were no other violations of applicable laws and regulations.

While changing audit standards require different disclosures than in past years, any deficiencies noted in the 2016 single audit will be promptly addressed and corrected. We believe that the County's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The County maintains budgetary control using features of the County's accounting system. The objective of these controls is to ensure compliance with legal provisions in the annual adopted County budget approved by the Board of Commissioners. All amendments to the adopted County budget, with the exception of limited authority for line-item transfers given to the County Controller, require Board review and approval.

The County's operations are accounted for through seven major programs as outlined in the Services Provided section of this Transmittal Letter. The revenues received and expenditures incurred in the general operations of the County are recorded in the General Fund. The revenues and expenditures recorded in funds other than the General Fund are designated for specific programs or purposes.

## **Effect of Revenue Limitations**

Michigan has the Headlee Amendment, which limits any increase in property tax to the annual inflation rate. In addition, any flow-through of special taxes (i.e. Alcohol and Cigarette Taxes) enacted by the State subsequent to the Headlee Amendment from which the County derives a benefit must reduce the property tax billed to the County residents. In order for the County to benefit from these special taxes, the Board of Commissioners must announce their intent to roll up property taxes to the maximum allowable and then hold a public hearing prior to Board action. The maximum allowable property tax is the product of the approved millage times the Taxable Value limited to the annual inflation rate without considering the effects of the special taxes. In order to levy taxes above the inflation rate, voters must approve an increase in the millage.

The Headlee provisions were still applicable for Genesee County in 2016 with the result that the property tax millage rate for general operations was limited to 5.5072 mills while the millage rate for Paramedics was limited to 0.4847 mills, Parks and Recreation 0.7500 mills, Senior Services 0.7000 mills, Health Services 1.0000 mill, Veteran Services 0.1000 mill, Michigan State University Extension 0.0400 mills, and Animal Control 0.200 mills. The millages were reduced from the maximum allowable of 5.68 for general operations. Although there was no intent to hold an election to approve the roll-up of millage to the maximum allowable, the Board of Commissioners did roll up the property tax rate to the maximum allowable rate without a vote of the public to take advantage of the benefits derived from the special taxes.

As in past years, the effective management of local governmental finances is a continuous challenge for the legislative body of Genesee County. The Board of Commissioners' action in the latter part of 2015 to maintain property taxes at the allowable limit had a positive effect on the 2016 revenues.

## **MAJOR INITIATIVES**

Two separate District Courts within the boundaries of Genesee County were consolidated; the 67th district, which consisted of the County of Genesee except the city of Flint, and the 68th district, which consisted of the city of Flint. The consolidation was recommended by the Michigan Supreme Court Administrative Office in order to more effectively utilize judicial resources throughout Genesee County.

In September 2015, the County launched Project ERP, an initiative to replace and upgrade the County's legacy financial management system. Project ERP began in October with the implementation of CGI Advantage360®, a software as a service (SaaS) enterprise resource planning (ERP) solution.

CGI was selected by the Michigan Municipal Services Authority (MMSA) through Michigan's MiDEAL Initiative, an extended purchase program allowing local government entities to use state contracts for purchasing goods and services. In Michigan, CGI Advantage360 provides localities, large and small, budget constrained or not, with common access to a proven budget, financial, procurement and human resource management solution at increasingly reduced subscription rates.

Several factors made this the right choice for Genesee County. First, MMSA carefully vetted this solution based on best financial practices for Michigan local governments. Second, CGI Advantage is built for government and reflects the County's specific needs and concerns for leveraging technology to improve operating efficiency and better serve the citizens of Genesee County. Third, the SaaS approach provides all of the benefits of ownership without the overhead costs required to operate and maintain a complex enterprise solution. Lastly, there is grant funding available through MMSA to Genesee County to offset the implementation cost.

## **AWARDS AND ACKNOWLEDGEMENTS**

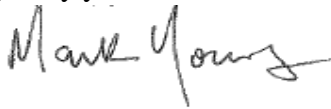
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Genesee County, Michigan for its comprehensive annual financial report for the fiscal period ended September 30, 2015, the thirty-seventh consecutive year.

In order to be awarded a Certificate of Achievement for Excellence, a government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement for Excellence in Financial Reporting Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this Report could not have been accomplished without the efficient and dedicated services of the entire staff of the Controller's Office and other County Departments that contributed. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the County in a responsible and progressive manner.

Very truly yours,

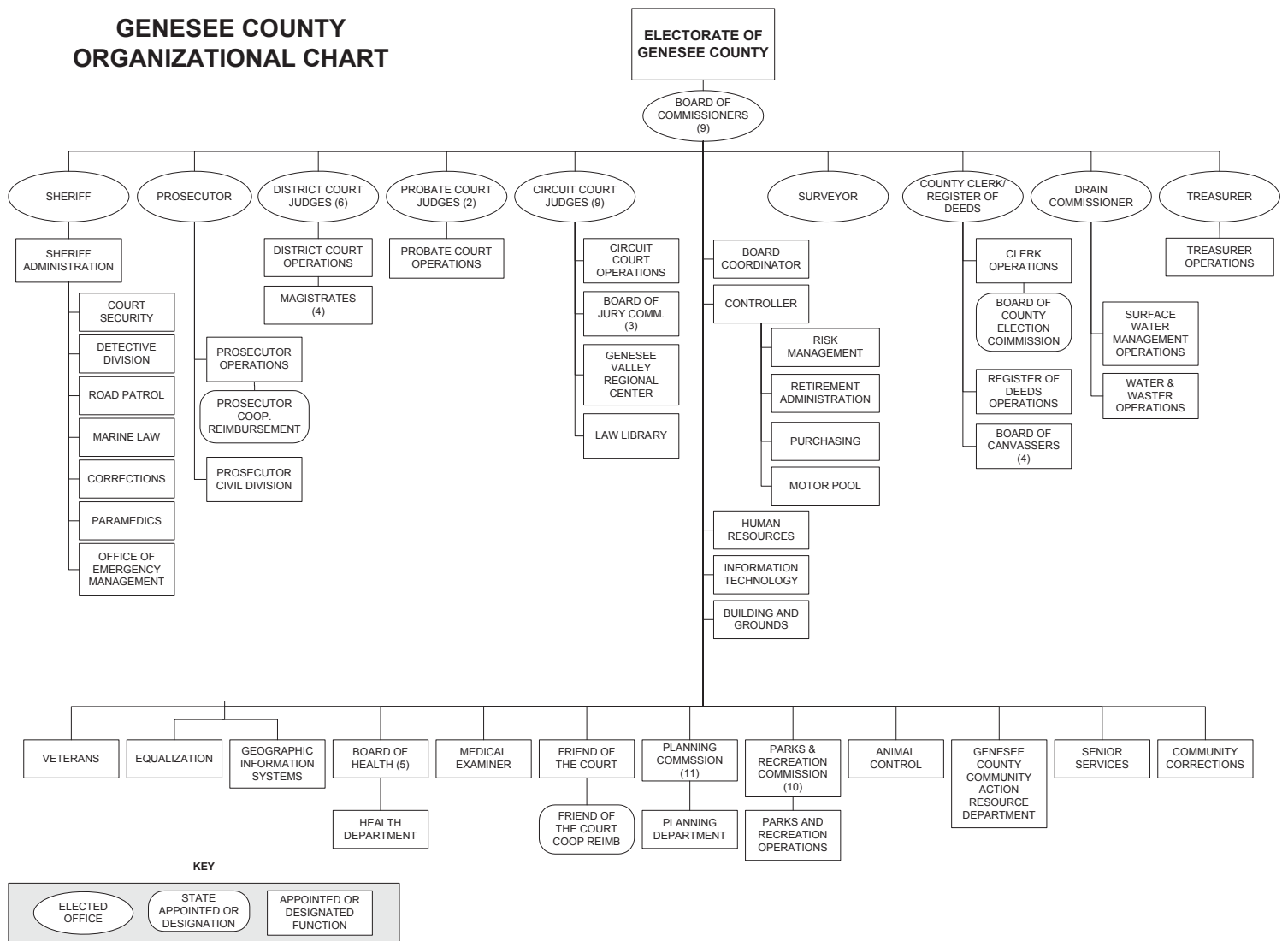


Mark Young,  
Chairperson of the Board of Commissioners



Kristie Primeau,  
Assistant Controller (Interim Controller)

# GENESEE COUNTY ORGANIZATIONAL CHART







Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Genesee County  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive.

Executive Director/CEO

## Independent Auditor's Report

To the Board of Commissioners  
Genesee County, Michigan

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Genesee County, Michigan (the "County") as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Genesee 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 Genesee County Planning Commission, a nonmajor governmental fund of the County, which represents less than 1 percent and 1.1 percent of the assets and revenues, respectively, of the aggregate remaining fund information. We also did not audit the financial statements of the Genesee Health Systems Authority, which represent 6 and 49 percent of the assets and revenue, respectively, of the aggregate discretely presented component units. Those financial 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 Genesee County Planning Commission and the Genesee Health Systems Authority, is 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the following entities were not audited in accordance with *Government Auditing Standards*: Genesee County Road Commission, Genesee County Drain Commissioner Division of Water and Waste Services, and Genesee County Storm Water Management System.

To the Board of Commissioners  
Genesee County, 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 audit 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 Genesee County as of September 30, 2016, and the respective changes in its financial position, and, where applicable, cash flows, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 2 to the basic financial statements, in 2016, the Genesee County Drain Commissioner Division of Water and Waste Services adopted the new accounting guidance of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds measure the cost of pension benefits as the employment services are rendered, rather than as they are funded; any unfunded pension liability is reported as a liability. The beginning net position has been adjusted to reflect this liability. Our opinion has not been modified with respect to this matter.

As explained in Note 4, the financial statements include investments valued at \$219,602,297 (46 percent of total investments for the aggregate remaining funds) at September 30, 2016 and \$205,125,069 (41 percent of total investments for the aggregate remaining funds) at September 30, 2015, whose fair values have been estimated by management in the absence of readily determinable market values. Management's estimates are based on information provided by fund managers and the partnership general partners. Our opinion has not been modified with respect to this matter.

To the Board of Commissioners  
Genesee County, Michigan

## ***Other Matters***

### ***Required Supplemental Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the major fund budgetary comparison schedules, schedule of changes in the net pension liability and related ratios, schedule of pension contributions, and other postemployment benefits system schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 Genesee County's basic financial statements. The other supplemental information, introductory section, and statistical section, as identified on the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relates 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 other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

To the Board of Commissioners  
Genesee County, Michigan

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017 on our consideration of Genesee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 Genesee County's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

March 23, 2017

# Genesee County, Michigan

## Management's Discussion and Analysis

As management of Genesee County, we offer readers of Genesee County's financial statements this narrative overview and analysis of the financial activities of Genesee County for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found at the beginning of this report.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Genesee County's basic financial statements. Genesee County's basic financial statements included three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

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

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

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

Both of the government-wide financial statements distinguish functions of Genesee County that are principally supported by taxes and intergovernmental revenues (government 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 Genesee County include legislative, management and planning, administration of justice, law enforcement, human services, community enrichment, general support, and other. The business-type activities of Genesee County include Parks and Recreation System, Jail Commissary, Parking Meter, and Delinquent Tax Revolving Funds.

The government-wide financial statements include not only Genesee County itself (known as the primary government), but also eight legally separated component units for which Genesee County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 15-18 of this report.

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

**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. Genesee 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 Genesee 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 of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Genesee County maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund and four special revenue funds, all 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.

Genesee County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19-23 of this report.

**Proprietary Funds** - Genesee County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Genesee County uses enterprise funds to account for its Parks and Recreation System, Jail Commissary, Parking Meter, and Delinquent Tax Revolving Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among Genesee County's various functions. Genesee County uses internal service funds to account for its fleet of vehicles, building and grounds maintenance, self-insured medicals, property and casualty, and other administrative services. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Parks and Recreation System, Jail Commissary, Parking Meter, and Delinquent Tax Revolving Funds. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-27 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 Genesee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 28-29 of this report.

**Component Units Presented** - The government-wide financial statements include not only Genesee County itself (known as the primary government), but also eight legally separated component units for which Genesee County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The basic component unit financial statements can be found on pages 30-33 of this report.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-89 of this report.

**Other Information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning Genesee County's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found on pages 90-100 of this report.

The combining statements for nonmajor governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented as other supplemental information beginning on page 102 of this report.

### Financial Highlights

- The government's total net position decreased by \$54,032,435. Governmental activities decreased by \$54,091,019 while business-type activities increased by \$58,584.
- As of the close of the current fiscal year, Genesee County's governmental funds reported combined ending fund balances of \$40,990,645, an increase of \$5,221,264 in comparison with the prior year. Approximately 45 percent of this total amount, \$18,406,642, is available for spending at the government's discretion (unassigned fund balance).



# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$23,162,601, 35 percent of total General Fund expenditures.
- Genesee County's total governmental activities long-term debt was \$20,386,886, a decrease of \$2,771,012 from the prior year. Business-type activities debt was \$37,370,000, a decrease of \$6,160,000 from the prior year. The County issued delinquent tax notes in the amount of \$33,445,000 during the current fiscal year, offset by total payments of \$39,605,000.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As shown in the schedule below, Genesee County's liabilities exceeded assets by \$49,670,322 at the close of the most recent fiscal. This compares to a net position of \$4,362,113 at the close of the prior fiscal year, a decrease of \$54,032,435. This decrease was due primarily to the recording of the net pension liability of \$185,107,263, as required by GASB Statement No. 68. While GASB 68 requires that the entire net pension liability be recorded as a claim on the County's assets as of the end of the fiscal year, the County funds the pension obligation on a going-concern basis over time. The County's actuary opined that the County's retirement system is being financed in accordance with a sound funding objective of funding benefits as they accrue.

A significant portion of Genesee County's total net position, \$69,044,078, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Genesee County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Genesee County's investments in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Genesee County Net Position							
	Governmental Activities		Business-type Activities		Total			
	2015	2016	2015	2016	2015	2016	Change	Percent Change
Other assets	\$ 84,207,411	\$ 94,009,633	\$ 65,770,333	\$ 59,804,961	\$ 149,977,744	\$ 153,814,594	\$ 3,836,850	2%
Capital assets	85,665,246	81,524,091	4,068,658	4,000,509	89,733,904	85,524,600	(4,209,304)	-5%
Total assets	169,872,657	175,533,724	69,838,991	63,805,470	239,711,648	239,339,194	(372,454)	0%
Deferred outflows of resources	10,457,650	38,252,921	61,108	233,246	10,518,758	38,486,167	27,967,409	
Current liabilities	14,422,884	16,769,415	815,777	462,323	15,238,661	17,231,738	1,993,077	12%
Long-term liabilities	186,044,050	271,244,876	44,585,582	39,019,069	230,629,632	310,263,945	79,634,313	26%
Total liabilities	200,466,934	288,014,291	45,401,359	39,481,392	245,868,293	327,495,683	81,627,390	25%
Net position:								
Net investment in capital assets	66,540,287	65,043,569	4,068,658	4,000,509	70,608,945	69,044,078	(1,564,867)	-2%
Restricted	22,991,275	20,667,188	13,674,949	12,100,057	36,666,224	32,767,245	(3,898,979)	-12%
Unrestricted	(109,668,189)	(159,938,403)	6,755,133	8,456,758	(102,913,056)	(151,481,645)	(48,568,589)	32%
Total net position	\$ (20,136,627)	\$ (74,227,646)	\$ 24,498,740	\$ 24,557,324	\$ 4,362,113	\$ (49,670,322)	\$ (54,032,435)	109%

An additional portion of Genesee County's total net position, \$32,767,245, represents resources that are subject to external restrictions on how they may be used.

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

As shown in the schedule below, the net position of the County's governmental activities decreased by \$54,091,019 in the current year compared to a decrease of \$11,942,510 in the prior year. The decrease in the current year is primarily due to the increase in the pension obligation as required by GASB 68 and a reduction in grant revenue. Pension obligation increase is a result of a change in the actuarial assumptions coupled with increases in pension expenses recognized during the year; pension expense in the current year was \$56,939,403 for governmental activities compared to \$13,185,278 in the prior year. More detail on the County's pension costs can be found in Note 9 of this report. Compared to the prior year, revenue decreased by \$4,618,531, expenses increased by \$37,750,280 and transfers increased by \$220,302 in the current year. The net position of the business-type activities increased by \$58,584 in the current year compared to an increase of \$692,522 in the prior year. Compared to the prior year, operating income remained consistent with a minimal increase.

Key revenue and expenses elements affecting these changes in the governmental activities and business-type activities are as follows:

	Governmental Activities			Percent Change
	2015	2016	Change	
<b>Revenue</b>				
Program revenue:				
Charges for services	\$ 19,685,236	\$ 22,969,551	\$ 3,284,315	17%
Operating grants	72,908,386	60,451,243	(12,457,143)	-17%
Capital grants	54,538	54,538	-	0%
General revenue:				
Property taxes	75,444,697	76,254,203	809,506	1%
State liquor and cigarette tax	3,764,943	2,021,920	(1,743,023)	-46%
State-shared revenue	9,865,339	9,982,658	117,319	1%
Investment earnings	293,780	1,198,970	905,190	308%
Other revenue	2,229,713	6,695,018	4,465,305	200%
Total revenue	184,246,632	179,628,101	(4,618,531)	-3%
<b>Program Expenses</b>				
Management and planning	10,057,818	21,992,843	11,935,025	119%
Administration of justice	41,352,242	51,834,819	10,482,577	25%
Law enforcement and community protection	40,604,622	62,526,245	21,921,623	54%
Human service	92,040,083	84,712,302	(7,327,781)	-8%
Legislative	1,920,677	3,856,292	1,935,615	101%
Community enrichment and development	13,134,199	12,097,053	(1,037,146)	-8%
Interest on long-term debt	1,062,301	902,668	(159,633)	-15%
Total expenses	200,171,942	237,922,222	37,750,280	19%
<b>Transfers</b>	3,982,800	4,203,102	220,302	6%
<b>Change in Net Position</b>	<b><u>\$ (11,942,510)</u></b>	<b><u>\$ (54,091,019)</u></b>	<b><u>\$ (42,148,509)</u></b>	<b>353%</b>

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

	Business-type Activities			Percent Change
	2015	2016	Change	
Operating revenue	\$ 11,358,850	\$ 12,197,075	\$ 838,225	7%
Operating expenses, other than depreciation	5,371,901	6,204,562	832,661	16%
Depreciation and amortization	<u>62,381</u>	<u>67,869</u>	<u>5,488</u>	9%
<b>Operating Income</b>	5,924,568	5,924,644	76	0%
Interest income	20,328	74,845	54,517	268%
Interest expense	398,732	987,803	589,071	148%
Nonoperating expenses	<u>870,842</u>	<u>750,000</u>	<u>(120,842)</u>	-14%
<b>Transfers In</b>	1,242,200	801,000	(441,200)	-36%
<b>Transfers Out</b>	<u>5,225,000</u>	<u>5,004,102</u>	<u>(220,898)</u>	-4%
<b>Change in Net Position</b>	<u><u>\$ 692,522</u></u>	<u><u>\$ 58,584</u></u>	<u><u>\$ (633,938)</u></u>	-92%

### Financial Analysis of the Government's Funds

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

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

The following table shows the total governmental fund activity, on a modified accrual basis:

	Governmental Funds			Percent Change
	2015	2016	Change	
<b>Revenue</b>				
Property taxes	\$ 74,540,294	\$ 76,647,744	\$ 2,107,450	3%
Charges for services	15,562,682	18,514,458	2,951,776	19%
Licenses and permits	1,816,567	1,819,346	2,779	0%
State-shared revenue	9,865,339	9,882,658	17,319	0%
Federal, state, and local grants	81,002,408	60,453,021	(20,549,387)	-25%
Fines and forfeitures	1,487,348	1,659,790	172,442	12%
Interest and rentals	1,185,555	2,089,898	904,343	76%
Other	3,087,187	7,383,624	4,296,437	139%
Total revenue	188,547,380	178,450,539	(10,096,841)	-5%
<b>Expenditures</b>				
Current:				
Management and planning	8,567,506	15,079,134	6,511,628	76%
Administration of justice	35,642,835	34,833,859	(808,976)	-2%
Law enforcement and community protection	34,478,930	35,062,843	583,913	2%
Human service	87,725,494	74,892,870	(12,832,624)	-15%
Legislative	849,702	489,402	(360,300)	-42%
Community enrichment and development	12,543,301	12,379,565	(163,736)	-1%
Capital outlay	175,051	2,141,777	1,966,726	1124%
Debt service	3,438,801	3,392,668	(46,133)	-1%
Total expenditures	183,421,620	178,272,118	(5,149,502)	-3%
<b>Excess of Revenue Over Expenditures</b>	5,125,760	178,421	(4,947,339)	-97%
<b>Other Financing Sources -</b>				
Transfers - Net	2,824,801	5,041,843	2,217,042	78%
<b>Net Change in Fund Balances</b>	7,950,561	5,221,264	(2,729,297)	-34%
<b>Fund Balances - Beginning of year</b>	27,818,820	35,769,381	7,950,561	29%
<b>Fund Balances - End of year</b>	<u>\$ 35,769,381</u>	<u>\$ 40,990,645</u>	<u>\$ 5,221,264</u>	<b>15%</b>

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

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

As of the end of the current fiscal year, Genesee County's governmental funds reported combined ending fund balances of \$40,990,645, an increase of \$5,221,264 over the prior year. The increase over the prior year was due primarily to enhanced control over spending with improved purchasing policies and close-out of the Workforce Investment Act federal program along with transfer of the administrative responsibilities. Approximately 45 percent of the ending fund balance, \$18,406,642, constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund unassigned fund balance totaled \$23,162,601, while total fund balance increased to \$25,063,854. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35 percent of total General Fund expenditures, while total fund balance represents 37 percent of that same amount. A portion of the increase can be attributed to a reclassification of several Administrative Internal Services Funds to the General Fund.

At the end of the current fiscal year, the total fund balance of the County Health Fund was \$3,398,921. The fund balance represents 21 percent of total county health expenditures. The County Health Fund saw an increase in fund balance in the current year of approximately \$725,000. This increase relates to increased activity surrounding grants related to the Flint Water Crisis.

The increase in the fund balances of Genesee County's governmental funds were primarily the result of the following:

- General Fund - The Genesee County Board of Commissioner passed a 2015/2016 General Fund budget anticipating the use of \$0 of fund balance. During 2015/2016, General Fund revenues were more than budgeted revenues by \$2,860,602, while expenditures were under the budget by \$3,951,400.
- Community Action Resource Department - The fund balance of the Community Action Resource Department decreased during the 2015/2016 fiscal year by a total of \$3,764,658. This is mainly attributable to the timing of grant reimbursement which is identified as deferred inflow of resources in the amount of \$4,333,902.

**Proprietary Funds** - Genesee County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at the end of the year amounted to \$8,456,758. The total increase in net position for all proprietary funds was \$58,584.

# Genesee County, Michigan

## Management's Discussion and Analysis (Continued)

### General Fund Budgetary Highlights

During the year, the County board amended the budget to take into account events during the year. The General Fund's expenditures and appropriations budget was increased in total by \$302,756 and transfers out were increased by \$96,318, resulting in an increase to budgeted fund balance of \$399,074.

Overall during the year, actual General Fund revenues were more than the amended budgetary estimates, and actual expenditures were less than the amended budget, resulting in a \$6,345,248 increase in fund balance.

### Capital Asset and Debt Administration

**Capital Assets** - Genesee County's investment in capital assets for its governmental and business-type activities as of September 30, 2016 amounts to \$85,524,600 (net of accumulated depreciation). This investment in capital assets included land, buildings and system improvements, machinery and equipment, and park facilities.

The County has no current plans for any major infrastructure capital projects. Accordingly, capital expenditures are limited to those needed to maintain the structural integrity of the County's property, plant, and equipment. Additional information on Genesee County's capital assets can be found in Note 5 of this report.

**Debt** - At the end of the current fiscal year, Genesee County had total debt outstanding of \$299,632,276. Of this amount, \$201,969,652 comprises debt backed by the full faith and credit of the government, \$916,756 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment, and \$1,360,000 is Michigan Transportation bonds which are payable with Act 51 money.

Genesee County's total debt, including component units, increased by \$41,992,736 during the current fiscal year primarily due to the funding of water supply improvements. Genesee County maintained its "A" rating from Standard & Poor's and "A2" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total state equalized valuation. The current debt limitation for Genesee County is \$1,027,430,100, which is \$1,011,453,799 higher than Genesee County's outstanding general obligation debt subject to the 10 percent limit.

Additional information on Genesee County's long-term debt can be found in Note 7 of this report.

# **Genesee County, Michigan**

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## **Management's Discussion and Analysis (Continued)**

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Genesee County remained at 5.1 percent. This is marginally higher than the national trend and attributable to local conditions.
- The government expects minimal increases in property tax revenues due to a nominal increase in taxable property values in 2017. Inflationary trends in the region compare favorably to national indices.
- Goals to monitor expenditures and adhere to and improve new purchasing policies will continue.
- Continuation of the instituted hiring freeze

All of these factors were considered in preparing Genesee County's budget for the 2016/2017 fiscal year.

### **Request for Information**

The financial report is designed to provide a general overview of Genesee 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 the Office of the Controller, County of Genesee, 1101 Beach Street, Flint, MI 48502.

# Genesee County, Michigan

## Statement of Net Position September 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and cash equivalents	\$ 33,509,205	\$ 4,649,968	\$ 38,159,173	\$ 64,080,833
Investments	10,996,593	8,911,656	19,908,249	6,982,553
Receivables:				
Current and delinquent taxes receivable	18,731,863	38,774,469	57,506,332	-
Land contract receivable	-	-	-	1,091,869
Interest and accounts receivable (net of allowance of \$1,527,853)	14,291,725	4,062,175	18,353,900	19,362,574
Lease receivable	-	-	-	2,530,000
Due from other governmental units	14,043,432	1,442,609	15,486,041	25,711,468
Loan receivable	-	-	-	2,106,361
Special assessments receivable	-	-	-	2,717,408
Due from component unit	50,000	-	50,000	-
Due from primary government	-	-	-	17,959
Internal balances	(1,964,084)	1,964,084	-	-
Inventory	1,056,167	-	1,056,167	1,510,450
Prepaid expenses and other assets	1,599,015	-	1,599,015	2,211,247
Restricted cash and cash equivalents	75,000	-	75,000	164,381,059
Investment in joint ventures	-	-	-	1,939,000
Net OPEB asset	-	-	-	6,725,058
Deposits and advances	717	-	717	-
Long-term advance to component unit	1,620,000	-	1,620,000	-
Capital assets:				
Assets not subject to depreciation	11,871,755	3,523,844	15,395,599	207,850,090
Assets subject to depreciation	69,652,336	476,665	70,129,001	505,712,284
Loan receivable	-	-	-	940,084
Lease receivable	-	-	-	42,366,006
Land contract receivable	-	-	-	5,615,466
<b>Total assets</b>	<b>175,533,724</b>	<b>63,805,470</b>	<b>239,339,194</b>	<b>1,063,851,769</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	-	-	37,621
Deferred outflows related to pensions	38,252,921	233,246	38,486,167	48,871,311
<b>Total deferred outflows of resources</b>	<b>38,252,921</b>	<b>233,246</b>	<b>38,486,167</b>	<b>48,908,932</b>
<b>Liabilities</b>				
Accounts payable	9,452,328	218,718	9,671,046	18,378,153
Due to other governmental units	725,667	2,111	727,778	22,052,251
Due to component units	17,959	-	17,959	-
Due to primary government	-	-	-	50,000
Accrued liabilities and other	5,047,056	184,233	5,231,289	5,562,122
Unearned revenue	1,526,405	-	1,526,405	13,592,673
Claims liability - Pharmaceutical and medical	-	57,261	57,261	-
Noncurrent liabilities:				
Due within one year:				
Compensated absences	3,215,354	-	3,215,354	1,287,347
Current portion of long-term debt	2,769,738	36,605,000	39,374,738	14,646,138

The Notes to Financial Statements are an  
Integral Part of this Statement.



# Genesee County, Michigan

## Statement of Net Position (Continued) September 30, 2016

	Primary Government			Component
	Governmental	Business-type		Units
	Activities	Activities	Total	
<b>Liabilities (Continued)</b>				
Noncurrent liabilities (Continued):				
Due in more than one year:				
Payable from restricted assets	\$ -	\$ -	\$ -	\$ 29,570,836
Compensated absences	691,009	-	691,009	1,259,815
General, workers' compensation claim, and IBNR liability	4,127,380	-	4,127,380	-
Funds held in escrow	-	-	-	225,000
Long-term advance from primary government	-	-	-	1,620,000
Net OPEB obligation	62,745,128	527,289	63,272,417	5,162,916
Net pension liability	183,985,483	1,121,780	185,107,263	115,886,713
Long-term debt	13,710,784	765,000	14,475,784	497,029,430
Total liabilities	288,014,291	39,481,392	327,495,683	726,323,394
Deferred Inflows of Resources - Pensions	-	-	-	3,988,591
<b>Net Position</b>				
Net investment in capital assets	65,043,569	4,000,509	69,044,078	386,330,076
Restricted for:				
County health	696,497	-	696,497	-
Community development	14,062,014	-	14,062,014	-
Flint city lockup	16,397	-	16,397	-
Drug forfeiture	94,470	-	94,470	-
Emergency medical services	510,690	-	510,690	-
Healthcare services	1,435,229	-	1,435,229	-
Retirement of delinquent tax notes payable	-	11,084,090	11,084,090	-
Parks and recreation nonexpendable	-	1,015,967	1,015,967	-
Social services	92,044	-	92,044	-
Veterans millage	1,105,293	-	1,105,293	-
Debt service	-	-	-	894,951
Programs	92	-	92	1,484,458
Animal control	440,695	-	440,695	-
Senior services	1,893,540	-	1,893,540	-
Solid waste planning activities	320,227	-	320,227	-
Unrestricted	(159,938,403)	8,456,758	(151,481,645)	(6,260,769)
Total net position	\$ (74,227,646)	\$ 24,557,324	\$ (49,670,322)	\$ 382,448,716

# Genesee County, Michigan

Functions/Programs	Expenses	Program Revenue	
		Charges for Services	Operating Grants and Contributions
Primary government:			
Governmental activities:			
Management and planning	\$ 21,992,843	\$ 5,128,133	\$ 792,402
Administration of justice	51,834,819	7,365,169	12,574,418
Law enforcement and community protection	62,526,245	2,359,546	7,040,675
Human services	84,712,302	3,865,202	37,291,973
Legislative	3,856,292	-	-
Community enrichment and development	12,097,053	4,251,501	2,751,775
Interest on long-term debt	902,668	-	-
Total governmental activities	237,922,222	22,969,551	60,451,243
Business-type activities:			
Commissary	279,532	242,563	-
Delinquent taxes	6,243,386	11,370,175	-
Parks and recreation - Enterprise	1,089,113	393,676	-
Parking meter fund	398,203	190,661	-
Total business-type activities	8,010,234	12,197,075	-
Total primary government	<u>\$ 245,932,456</u>	<u>\$ 35,166,626</u>	<u>\$ 60,451,243</u>
Component units:			
Road commission	\$ 52,168,282	\$ 6,387,956	\$ 24,657,221
Water and waste services	60,531,158	64,158,121	-
Economic development corporation	13,832	-	6,500
Drains	8,306,236	713,702	-
Land bank authority	14,545,608	5,657,083	12,325,808
Brownfield authority	544,639	545,137	-
Storm water management system	397,908	-	269,865
Genesee health system	140,191,471	4,374,241	124,658,029
Total component units	<u>\$ 276,699,134</u>	<u>\$ 81,836,240</u>	<u>\$ 161,917,423</u>
General revenue:			
Property taxes			
State liquor tax			
State-shared revenue			
Unrestricted - Investment income			
Unrestricted - Other			
Gain on sale of fixed assets			
Total general revenue			
Transfers			
<b>Change in Net Position</b>			
<b>Net Position - Beginning of year - As restated (Note 2)</b>			
<b>Net Position - End of year</b>			

## Statement of Activities Year Ended September 30, 2016

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government		Total	Component Units
	Governmental Activities	Business-type Activities		
\$ -	\$ (16,072,308)	\$ -	\$ (16,072,308)	\$ -
-	(31,895,232)	-	(31,895,232)	-
-	(53,126,024)	-	(53,126,024)	-
-	(43,555,127)	-	(43,555,127)	-
-	(3,856,292)	-	(3,856,292)	-
54,538	(5,039,239)	-	(5,039,239)	-
-	(902,668)	-	(902,668)	-
54,538	(154,446,890)	-	(154,446,890)	-
-	-	(36,969)	(36,969)	-
-	-	5,126,789	5,126,789	-
-	-	(695,437)	(695,437)	-
-	-	(207,542)	(207,542)	-
-	-	4,186,841	4,186,841	-
<b>\$ 54,538</b>	(154,446,890)	4,186,841	(150,260,049)	-
\$ 11,712,215	-	-	-	(9,410,890)
-	-	-	-	3,626,963
-	-	-	-	(7,332)
-	-	-	-	(7,592,534)
-	-	-	-	3,437,283
-	-	-	-	498
-	-	-	-	(128,043)
-	-	-	-	(11,159,201)
<b>\$ 11,712,215</b>	-	-	-	(21,233,256)
76,254,203	-	76,254,203	2,180,900	
2,021,920	-	2,021,920	-	
9,982,658	-	9,982,658	-	
1,198,970	74,845	1,273,815	2,378,390	
6,694,018	-	6,694,018	5,459,700	
1,000	-	1,000	-	
96,152,769	74,845	96,227,614	10,018,990	
4,203,102	(4,203,102)	-	-	
(54,091,019)	58,584	(54,032,435)	(11,214,266)	
(20,136,627)	24,498,740	4,362,113	393,662,982	
<b>\$ (74,227,646)</b>	<b>\$ 24,557,324</b>	<b>\$ (49,670,322)</b>	<b>\$ 382,448,716</b>	

# Genesee County, Michigan

## Governmental Funds Balance Sheet September 30, 2016

	General Fund	County Health	Community Action Resource Department	Community Development	Nonmajor Funds	Total
<b>Assets</b>						
Cash and cash equivalents (Note 4)	\$ 8,195,881	\$ 3,029,114	\$ 435	\$ 136,614	\$ 17,743,184	\$ 29,105,228
Investments	-	-	-	-	3,950,000	3,950,000
Receivables:						
Current and delinquent taxes receivable	18,731,863	-	-	-	-	18,731,863
Interest and accounts receivable	57,609	172,047	262	13,578,322	458,618	14,266,858
Due from other governmental units	2,064,951	976,697	5,066,738	289,975	5,645,071	14,043,432
Due from component unit	50,000	-	-	-	-	50,000
Due from other county funds	7,407,619	379,547	120,032	-	1,145,274	9,052,472
Long-term advances	826,051	-	-	-	-	826,051
Inventory	-	-	430,696	487,898	109,279	1,027,873
Prepaid expenses and other assets	75,202	13,002	8,492	-	1,649	98,345
Restricted cash and cash equivalents	-	-	-	-	75,000	75,000
Deposits and advances	-	-	717	-	-	717
Long-term advance to component unit	-	-	-	-	1,620,000	1,620,000
<b>Total assets</b>	<b>\$ 37,409,176</b>	<b>\$ 4,570,407</b>	<b>\$ 5,627,372</b>	<b>\$ 14,492,809</b>	<b>\$ 30,748,075</b>	<b>\$ 92,847,839</b>
<b>Liabilities</b>						
Accounts payable	\$ 1,528,439	\$ 191,519	\$ 1,072,243	\$ 219,086	\$ 4,860,087	\$ 7,871,374
Due to other governmental units	8,324	308,258	-	124,555	10,901	452,038
Due to component units	-	-	-	17,959	-	17,959
Due to other funds	3,757,729	298,412	4,106,421	53,742	2,772,767	10,989,071
Accrued liabilities and other	2,493,548	342,604	216,823	15,455	1,318,580	4,387,010
Unearned revenue	-	-	-	-	1,526,405	1,526,405
<b>Total liabilities</b>	<b>7,788,040</b>	<b>1,140,793</b>	<b>5,395,487</b>	<b>430,797</b>	<b>10,488,740</b>	<b>25,243,857</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue (Note 12)	4,557,282	30,693	4,333,902	13,574,114	4,117,346	26,613,337
<b>Fund Balances (Deficits)</b>						
Nonspendable:						
Inventory	-	-	430,696	487,898	109,279	1,027,873
Prepays	75,202	13,002	8,492	-	1,649	98,345
Long-term receivable	826,051	-	-	-	-	826,051
Restricted:						
Health department	-	696,497	-	-	-	696,497
Drug forfeiture	-	-	-	-	94,470	94,470
Emergency medical services	-	-	-	-	510,690	510,690
Animal control	-	-	-	-	440,695	440,695
Social services	-	-	-	-	92,044	92,044
Senior services	-	-	-	-	1,893,540	1,893,540
Health services plan	-	-	-	-	1,435,229	1,435,229
Veterans millage	-	-	-	-	1,105,293	1,105,293
Debt service	-	-	-	-	11,241	11,241
Capital improvements	-	-	-	-	1,084	1,084
Solid waste planning activities	-	-	-	-	320,227	320,227
Committed	-	-	-	-	220,000	220,000

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Genesee County, Michigan

## Governmental Funds Balance Sheet (Continued) September 30, 2016

	General Fund	County Health	Community Action Resource Department	Community Development	Nonmajor Fund	Total
<b>Fund Balances (Deficits) (Continued)</b>						
Assigned:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 349,463	\$ 349,463
Costs and settlements of contractual disallowances, claims, and litigation	1,000,000	-	-	-	-	1,000,000
Child care	-	-	-	-	4,886,721	4,886,721
Parks and recreation	-	-	-	-	1,875,154	1,875,154
Animal control	-	-	-	-	345,181	345,181
Health department	-	2,689,422	-	-	-	2,689,422
Administration of justice	-	-	-	-	1,873,647	1,873,647
Community enrichment and development	-	-	-	-	460,369	460,369
Law enforcement	-	-	-	-	57,648	57,648
Compensated absences	-	-	-	-	75,856	75,856
Solid waste planning activities	-	-	-	-	197,263	197,263
Unassigned	23,162,601	-	(4,541,205)	-	(214,754)	18,406,642
Total fund balances (deficits)	25,063,854	3,398,921	(4,102,017)	487,898	16,141,989	40,990,645
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 37,409,176</u>	<u>\$ 4,570,407</u>	<u>\$ 5,627,372</u>	<u>\$ 14,492,809</u>	<u>\$ 30,748,075</u>	<u>\$ 92,847,839</u>

# Genesee County, Michigan

## **Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position September 30, 2016**

<b>Fund Balance Reported in Governmental Funds</b>	<b>\$ 40,990,645</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds	79,300,960
Deferred outflows of resources - Pension difference between projected and actual investment earnings, change in actuarial assumptions, and contributions made to the plan after the measurement date	37,456,980
Property taxes, grants, and other receivables that are collected after year end, such that they are not available to pay bills outstanding as of year end, are not recognized in the funds	26,613,337
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(16,325,784)
Accrued interest is not due and payable in the current period and is not reported in the funds	(441,214)
Employee compensated absences are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities	(12,631)
Obligations for other postemployment benefits are not due and payable in the current period and are not reported in the funds	(61,819,189)
Net pension liability does not present a claim on current financial resources and is not reported as a fund liability	(182,149,980)
Internal Service Funds are included as part of governmental activities	<u>2,159,230</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ (74,227,646)</u></b>

# Genesee County, Michigan

## Governmental Funds

### Statement of Revenue, Expenditures, and Changes in Fund Balances

### Year Ended September 30, 2016

	General Fund	County Health	Community Action Resource Department	Community Development	Nonmajor Funds	Total
<b>Revenue</b>						
Property taxes	\$ 47,664,376	\$ -	\$ -	\$ -	\$ 28,983,368	\$ 76,647,744
Licenses and permits	547,572	1,033,102	-	-	238,672	1,819,346
Federal grants	267,731	5,260,591	13,243,266	2,077,014	8,219,824	29,068,426
Other intergovernmental revenue	16,173,883	7,222,211	2,283,501	-	15,587,658	41,267,253
Charges for services	12,128,929	370,088	-	-	6,015,441	18,514,458
Fines and forfeitures	1,659,790	-	-	-	-	1,659,790
Interest income	806,279	-	-	-	133,922	940,201
Rental income	47,346	-	957,234	-	145,117	1,149,697
Other	2,315,388	681,026	1,851,304	364,809	2,171,097	7,383,624
<b>Total revenue</b>	<b>81,611,294</b>	<b>14,567,018</b>	<b>18,335,305</b>	<b>2,441,823</b>	<b>61,495,099</b>	<b>178,450,539</b>
<b>Expenditures</b>						
Current:						
Management and planning	15,079,134	-	-	-	-	15,079,134
Administration of justice	22,861,571	-	-	-	11,972,288	34,833,859
Law enforcement and community protection	22,117,118	-	-	-	12,945,725	35,062,843
Human services	4,208,593	16,202,643	21,752,719	-	32,467,058	74,631,013
Legislative	489,402	-	-	-	-	489,402
Community enrichment and development	1,714,345	-	-	2,558,821	8,106,399	12,379,565
Contribution to Component Units - Genesee Health System Authority	261,857	-	-	-	-	261,857
Capital outlay	346,851	-	1,022	-	1,793,904	2,141,777
Debt service	-	-	-	-	3,392,668	3,392,668
<b>Total expenditures</b>	<b>67,078,871</b>	<b>16,202,643</b>	<b>21,753,741</b>	<b>2,558,821</b>	<b>70,678,042</b>	<b>178,272,118</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>14,532,423</b>	<b>(1,635,625)</b>	<b>(3,418,436)</b>	<b>(116,998)</b>	<b>(9,182,943)</b>	<b>178,421</b>
<b>Other Financing Sources (Uses)</b>						
Proceeds from sale of capital assets	1,000	-	-	-	-	1,000
Transfers in	9,720,250	2,366,569	-	-	18,212,979	30,299,798
Transfers out	(17,247,988)	(6,042)	(346,222)	-	(7,657,703)	(25,257,955)
<b>Total other financing sources (uses)</b>	<b>(7,526,738)</b>	<b>2,360,527</b>	<b>(346,222)</b>	<b>-</b>	<b>10,555,276</b>	<b>5,042,843</b>
<b>Net Change in Fund Balances</b>	<b>7,005,685</b>	<b>724,902</b>	<b>(3,764,658)</b>	<b>(116,998)</b>	<b>1,372,333</b>	<b>5,221,264</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>18,058,169</b>	<b>2,674,019</b>	<b>(337,359)</b>	<b>604,896</b>	<b>14,769,656</b>	<b>35,769,381</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 25,063,854</b>	<b>\$ 3,398,921</b>	<b>\$ (4,102,017)</b>	<b>\$ 487,898</b>	<b>\$ 16,141,989</b>	<b>\$ 40,990,645</b>

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Genesee County, Michigan

## **Governmental Funds** **Reconciliation of the Statement of Revenue, Expenditures,** **and Changes in Fund Balances of Governmental Funds** **to the Statement of Activities** **Year Ended September 30, 2016**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 5,221,264</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	2,286,128
Depreciation expense	(4,814,981)
Net book value of assets disposed of	(743,628)

Revenue is recorded in the statement of activities when earned; it is not reported in the funds until collected or collectible within 60 days of year end	2,824,402
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt)	2,490,000
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Increases in the obligation for other postemployment benefits are recorded when earned in the statement of activities	(10,876,540)
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Change in the net pension liability and related deferred inflows and outflows is recorded when incurred in the statement of activities	(82,669,226)
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Deferred outflows related to pensions	27,826,985
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Internal Service Funds are included as part of governmental activities	<u>4,364,577</u>
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<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (54,091,019)</u></b>
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# Genesee County, Michigan

## Proprietary Funds Statement of Net Position September 30, 2016

	Enterprise Funds			Governmental Activities
	Delinquent Taxes	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 4)	\$ 3,239,696	\$ 1,410,272	\$ 4,649,968	\$ 4,403,977
Investments (Note 4)	7,895,689	1,015,967	8,911,656	7,046,593
Receivables:				
Current and delinquent taxes receivable	38,774,469	-	38,774,469	-
Interest and accounts receivable	4,055,609	6,566	4,062,175	24,867
Due from other governmental units	1,436,609	6,000	1,442,609	-
Due from other county funds	2,058,989	-	2,058,989	7,123,300
Inventory	-	-	-	28,294
Prepaid expenses and other assets	-	-	-	1,500,670
Total current assets	57,461,061	2,438,805	59,899,866	20,127,701
Noncurrent assets - Capital assets:				
Assets not subject to depreciation	2,812,109	711,735	3,523,844	131,033
Assets subject to depreciation	-	476,665	476,665	2,092,098
Total assets	60,273,170	3,627,205	63,900,375	22,350,832
<b>Deferred Outflows of Resources -</b>				
Deferred outflows related to pensions (Note 9)	233,246	-	233,246	795,941
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	146,966	71,752	218,718	1,580,954
Due to other governmental units	2,111	-	2,111	273,629
Due to other funds (Note 6)	75,713	19,192	94,905	7,150,785
Accrued liabilities and other	101,107	83,126	184,233	218,832
Claims liability - Pharmaceutical and medical (Note 8)	57,261	-	57,261	-
Compensated absences	-	-	-	3,202,723
Current portion of long-term debt	36,605,000	-	36,605,000	154,738
Total current liabilities	36,988,158	174,070	37,162,228	12,581,661
Noncurrent liabilities:				
Long-term advance	-	-	-	826,051
Compensated absences	-	-	-	691,009
General, workers' compensation claim, and IBNR liability (Note 8)	-	-	-	4,127,380
Net OPEB obligation (Note 11)	250,416	276,873	527,289	925,939
Net pension liability (Note 9)	1,121,780	-	1,121,780	1,835,503
Long-term debt (Note 7)	765,000	-	765,000	-
Total noncurrent liabilities	2,137,196	276,873	2,414,069	8,405,882
Total liabilities	39,125,354	450,943	39,576,297	20,987,543
<b>Net Position</b>				
Net investment in capital assets	2,812,109	1,188,400	4,000,509	2,068,393
Restricted:				
Retirement of delinquent tax notes payable	11,084,090	-	11,084,090	-
Parks and recreation nonexpendable	-	1,015,967	1,015,967	-
Unrestricted	7,484,863	971,895	8,456,758	90,837
Total net position	\$ 21,381,062	\$ 3,176,262	24,557,324	\$ 2,159,230
<b>Net Position of Business-type Activities</b>			<b>\$ 24,557,324</b>	

The Notes to Financial Statements are an  
Integral Part of this Statement.

# Genesee County, Michigan

## Proprietary Funds

### Statement of Revenue, Expenses, and Changes in Net Position

### Year Ended September 30, 2016

	Enterprise Funds			Governmental Activities
	Nonmajor			Internal Service
	Delinquent Taxes	Enterprise Funds	Total	Funds
<b>Operating Revenue</b>				
Other sales to customers	\$ -	\$ 433,224	\$ 433,224	\$ -
Charges for sales and services	11,370,175	393,676	11,763,851	5,729
Charges to other funds	-	-	-	19,778,704
Total operating revenue	11,370,175	826,900	12,197,075	19,784,433
<b>Operating Expenses</b>				
Salaries and fringe benefits	801,341	717,656	1,518,997	1,163,628
Supplies and other operating expenses	3,703,882	981,683	4,685,565	17,009,653
Depreciation	360	67,509	67,869	731,185
Total operating expenses	4,505,583	1,766,848	6,272,431	18,904,466
<b>Operating Income (Loss)</b>	6,864,592	(939,948)	5,924,644	879,967
<b>Nonoperating Revenue (Expenses)</b>				
Investment earnings	24,674	50,171	74,845	125,955
Interest expense	(987,803)	-	(987,803)	(278)
Other nonoperating expenses	(750,000)	-	(750,000)	-
Gain on sale of assets	-	-	-	232,499
Total nonoperating (expenses) revenue	(1,713,129)	50,171	(1,662,958)	358,176
<b>Income (Loss) - Before transfers</b>	5,151,463	(889,777)	4,261,686	1,238,143
<b>Transfers In</b>	-	801,000	801,000	3,772,845
<b>Transfers Out</b>	(5,000,000)	(4,102)	(5,004,102)	(646,411)
<b>Change in Net Position</b>	151,463	(92,879)	58,584	4,364,577
<b>Net Position - Beginning of year</b>	21,229,599	3,269,141	24,498,740	(2,205,347)
<b>Net Position - End of year</b>	<u>\$ 21,381,062</u>	<u>\$ 3,176,262</u>	<u>\$ 24,557,324</u>	<u>\$ 2,159,230</u>

# Genesee County, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended September 30, 2016

	Enterprise Funds			Governmental
	Delinquent Taxes	Nonmajor Enterprise Funds	Total	Internal Service Activities Funds
<b>Cash Flows from Operating Activities</b>				
Receipts from users	\$ 12,947,868	\$ 896,916	\$ 13,844,784	\$ 19,615,767
Receipts from interfund services and reimbursements	(1,222,897)	-	(1,222,897)	(1,240,771)
Payments to suppliers	(2,894,407)	(911,584)	(3,805,991)	(17,250,021)
Payments to employees	(1,540,781)	(738,473)	(2,279,254)	(7,289,386)
Internal activity - Payments to other funds	(8,759,894)	-	(8,759,894)	4,094,850
Claims paid	-	-	-	214,564
Other receipts	786,484	-	786,484	43,085
Net cash used in operating activities	(683,627)	(753,141)	(1,436,768)	(1,811,912)
<b>Cash Flows from Noncapital Financing Activities</b>				
Issuance of short-term borrowings	33,445,000	-	33,445,000	-
Transfers from other funds	-	801,000	801,000	3,748,175
Principal and interest on short-term borrowings	(40,655,878)	-	(40,655,878)	-
Contributions to component units	(734,000)	-	(734,000)	-
Transfers to other funds	(5,016,000)	(4,102)	(5,020,102)	(621,741)
Repayments of loans from other funds	-	(225,000)	(225,000)	(250,507)
Net cash (used in) provided by noncapital financing activities	(12,960,878)	571,898	(12,388,980)	2,875,927
<b>Cash Flows from Capital and Related Financing Activities</b>				
Proceeds from sales of capital assets	-	-	-	945,636
Purchase of capital assets	-	-	-	(575,649)
Principal and interest paid on capital debt	-	-	-	(154,715)
Net cash provided by capital and related financing activities	-	-	-	215,272
<b>Cash Flows from Investing Activities</b>				
Interest received on investments	24,674	371	25,045	125,820
Proceeds from sale and maturities of investment securities	13,648,138	-	13,648,138	816,318
Net cash (used in) provided by investing activities	13,672,812	371	13,673,183	942,138
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	28,307	(180,872)	(152,565)	2,221,425
<b>Cash and Cash Equivalents - Beginning of year</b>	3,211,389	1,591,144	4,802,533	2,182,552
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 3,239,696</u>	<u>\$ 1,410,272</u>	<u>\$ 4,649,968</u>	<u>\$ 4,403,977</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>				
Cash and investments	\$ 11,135,385	\$ 2,426,239	\$ 13,561,624	\$ 11,450,570
Less amounts classified as investments	(7,895,689)	(1,015,967)	(8,911,656)	(7,046,593)
Total cash and cash equivalents	<u>\$ 3,239,696</u>	<u>\$ 1,410,272</u>	<u>\$ 4,649,968</u>	<u>\$ 4,403,977</u>

# Genesee County, Michigan

## Proprietary Funds Statement of Cash Flows (Continued) Year Ended September 30, 2016

	Enterprise Funds			Governmental Activities
	Nonmajor			Internal Service
	Delinquent Taxes	Enterprise Funds	Total	Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>				
Operating income (loss)	\$ 6,864,592	\$ (939,948)	\$ 5,924,644	\$ 879,967
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	360	67,509	67,869	731,185
Changes in assets and liabilities:				
Receivables	2,364,177	70,016	2,434,193	(10,968)
Due from others	(1,222,897)	-	(1,222,897)	(1,355,384)
Inventories	-	11,958	11,958	18,654
Prepaid and other assets	-	-	-	(900,144)
Accounts payable	(157,122)	(15,761)	(172,883)	641,122
Due to others	(8,759,894)	-	(8,759,894)	4,094,850
Estimated claims liability	-	-	-	214,564
Accrued and other liabilities	227,157	53,085	280,242	(6,125,758)
Net cash used in operating activities	<u>\$ (683,627)</u>	<u>\$ (753,141)</u>	<u>\$ (1,436,768)</u>	<u>\$ (1,811,912)</u>

# Genesee County, Michigan

## Fiduciary Funds Statement of Fiduciary Net Position September 30, 2016

	Total Pension and Employee Fringe Benefit (VEBA) Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 18,313,697	\$ 13,119,563
Investments:		
Negotiable CDs	1,508,449	10,303,406
U.S. government securities	35,611,107	-
Foreign governments and agencies	8,822,381	-
Preferred stock	33,267	-
Foreign equity	73,382,676	-
Partnerships publicly traded	2,104,981	-
Common stock	119,357,194	-
Corporate bonds	39,158,163	-
Real estate limited partnerships	41,197,770	-
Mutual funds	28,347,381	-
Hedge fund-of-funds	95,242,133	-
Cash and investments held as collateral for securities lending	4,967,472	-
Receivables:		
Interest and accounts receivable	1,049,599	-
Contributions receivable	636,319	534
Accounts receivable - Pending trades	248,665	-
Prepaid expenses and other assets	231,250	-
Total assets	<u>470,212,504</u>	<u>\$ 23,423,503</u>
<b>Liabilities</b>		
Accounts payable	1,223,909	\$ 23,329,113
Due to other governmental units	-	94,390
IBNR liability	988,500	-
Obligations under securities lending agreements	4,967,472	-
Accounts payable - Pending trades	8,169,342	-
Total liabilities	<u>15,349,223</u>	<u>\$ 23,423,503</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<u><u>\$ 454,863,281</u></u>	

# Genesee County, Michigan

## **Fiduciary Funds** **Statement of Changes in Fiduciary Net Position** **Year Ended September 30, 2016**

	Total Pension and Employee Fringe Benefit (VEBA) Trust Funds
<b>Additions</b>	
Investment income (loss):	
Interest and dividends	\$ 10,652,634
Net decrease in fair value of investments	(479,734)
Investment-related expenses	(1,826,652)
Securities lending income - Interest and dividends	45,051
Contributions:	
Employer	25,059,298
Plan members	3,454,941
Total contributions	<u>28,514,239</u>
Total additions	36,905,538
<b>Deductions</b>	
Benefits	60,180,251
Refunds of contributions	360,047
Transfer to other pension plans	1,121,784
Administrative expenses	803,247
Total deductions	<u>62,465,329</u>
<b>Net Decrease in Net Position Held in Trust</b>	(25,559,791)
<b>Net Position Held in Trust for Pension and Other Employee Benefits -</b> Beginning of year	<u>480,423,072</u>
<b>Net Position Held in Trust for Pension and Other Employee Benefits -</b> End of year	<u><u>\$ 454,863,281</u></u>

# Genesee County, Michigan

	Road Commission September 30, 2016	Water and Waste Services December 31, 2015	Economic Development Corp September 30, 2016	Drains September 30, 2016
<b>Assets</b>				
Cash and cash equivalents	\$ 9,826,217	\$ 20,209,846	\$ 129,334	\$ 3,442,920
Investments	5,726,020	-	-	202,252
Receivables:				
Land contract receivable	-	-	-	-
Interest and accounts receivable	1,558,586	12,940,059	2,378	-
Lease receivable	-	2,530,000	-	-
Due from other governmental units	5,062,547	5,691,627	-	-
Loan receivable	-	-	81,361	-
Special assessments receivable	1,537,713	-	-	1,179,695
Due from primary government	-	-	-	-
Inventory	674,433	-	-	47,598
Prepaid expenses and other assets	989,925	650,453	-	-
Restricted cash and cash equivalents	10,366,276	153,430,605	584,178	-
Investment in joint ventures	-	-	-	-
Net OPEB asset	6,725,058	-	-	-
Capital assets:				
Assets not subject to depreciation	1,581,196	205,860,660	-	323,926
Assets subject to depreciation	181,207,075	298,879,133	-	16,992,316
Loan receivable	-	940,084	-	-
Lease receivable	-	42,366,006	-	-
Land contract receivable	-	-	-	-
Total assets	225,255,046	743,498,473	797,251	22,188,707
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	-	37,621	-	-
Deferred outflows related to pensions	23,782,684	3,068,752	-	-
Total deferred outflows of resources	23,782,684	3,106,373	-	-
<b>Liabilities</b>				
Accounts payable	1,777,415	8,340,760	1,008	259,262
Due to other governmental units	1,145,804	-	27,701	-
Due to primary government	-	-	-	50,000
Accrued liabilities and other	855,145	-	-	42,693
Unearned revenue	11,460,921	901,741	-	-
Due within one year:				
Compensated absences	134,883	-	-	-
Current portion of long-term debt	1,975,000	11,688,989	-	458,392
Due in more than one year:				
Payable from restricted assets	784,897	28,785,939	-	-
Compensated absences	1,000,892	-	-	-
Funds held in escrow	-	-	-	-
Long-term advance from primary government	-	-	-	-
Net OPEB obligation	-	5,162,916	-	-
Net pension liability	39,251,425	17,709,672	-	-
Long-term debt	3,200,000	479,623,743	-	2,203,364
Total liabilities	61,586,382	552,213,760	28,709	3,013,711
<b>Deferred Inflows of Resources - Pensions</b>	2,619,593	1,368,998	-	-
<b>Net Position</b>				
Net investment in capital assets	177,613,271	185,994,127	-	14,654,486
Restricted - Debt service	894,951	-	-	-
Programs	-	493,334	764,592	-
Unrestricted	6,323,533	6,534,627	3,950	4,520,510
Total net position	\$ 184,831,755	\$ 193,022,088	\$ 768,542	\$ 19,174,996

**Component Units**  
**Statement of Net Position**  
**September 30, 2016**

Land Bank Authority September 30, 2016	Brownfield Authority September 30, 2016	Storm Water Management System September 30, 2016	Genesee Health System Authority September 30, 2016	Total
\$ 5,385,119	\$ 111,670	\$ 277,203	\$ 24,698,524	\$ 64,080,833
-	-	-	1,054,281	6,982,553
1,091,869	-	-	-	1,091,869
837,297	-	-	4,024,254	19,362,574
-	-	-	-	2,530,000
4,814,152	-	34,331	10,108,811	25,711,468
-	2,025,000	-	-	2,106,361
-	-	-	-	2,717,408
17,959	-	-	-	17,959
788,419	-	-	-	1,510,450
159,132	-	-	411,737	2,211,247
-	-	-	-	164,381,059
1,939,000	-	-	-	1,939,000
-	-	-	-	6,725,058
84,308	-	-	-	207,850,090
3,014,473	-	-	5,619,287	505,712,284
-	-	-	-	940,084
-	-	-	-	42,366,006
5,615,466	-	-	-	5,615,466
23,747,194	2,136,670	311,534	45,916,894	1,063,851,769
-	-	-	-	37,621
-	-	-	22,019,875	48,871,311
-	-	-	22,019,875	48,908,932
2,036,098	-	85,002	5,878,608	18,378,153
-	-	-	20,878,746	22,052,251
-	-	-	-	50,000
94,246	233,583	-	4,336,455	5,562,122
-	-	-	1,230,011	13,592,673
49,506	-	-	1,102,958	1,287,347
203,757	320,000	-	-	14,646,138
-	-	-	-	29,570,836
-	-	-	258,923	1,259,815
-	225,000	-	-	225,000
1,620,000	-	-	-	1,620,000
-	-	-	-	5,162,916
-	-	-	58,925,616	115,886,713
446,119	11,556,204	-	-	497,029,430
4,449,726	12,334,787	85,002	92,611,317	726,323,394
-	-	-	-	3,988,591
2,448,905	-	-	5,619,287	386,330,076
-	-	-	-	894,951
-	-	226,532	-	1,484,458
16,848,563	(10,198,117)	-	(30,293,835)	(6,260,769)
<b>\$ 19,297,468</b>	<b>\$ (10,198,117)</b>	<b>\$ 226,532</b>	<b>\$ (24,674,548)</b>	<b>\$ 382,448,716</b>



# Genesee County, Michigan

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Water and Waste Services
Component units:						
Road Commission	\$ 52,168,282	\$ 6,387,956	\$ 24,657,221	\$ 11,712,215	\$ (9,410,890)	\$ -
Water and Waste Services	60,531,158	64,158,121	-	-	-	3,626,963
Economic Development Corporation	13,832	-	6,500	-	-	-
Drains	8,306,236	713,702	-	-	-	-
Land Bank Authority	14,545,608	5,657,083	12,325,808	-	-	-
Brownfield Authority	544,639	545,137	-	-	-	-
Storm Water Management System	397,908	-	269,865	-	-	-
Genesee Health System	140,191,471	4,374,241	124,658,029	-	-	-
Total component units	<b>\$ 276,699,134</b>	<b>\$ 81,836,240</b>	<b>\$ 161,917,423</b>	<b>\$ 11,712,215</b>	(9,410,890)	3,626,963
General revenue:						
Property taxes and special assessments					-	-
Interest income					227,027	2,136,503
Other					-	3,117,810
Total general revenue					227,027	5,254,313
<b>Change in Net Position</b>					(9,183,863)	8,881,276
<b>Net Position - Beginning of year (Note 2)</b>					194,015,618	184,140,812
<b>Net Position - End of year</b>					<b>\$ 184,831,755</b>	<b>\$ 193,022,088</b>

**Component Units  
Statement of Activities  
Year Ended September 30, 2016**

Net (Expense) Revenue and Changes in Net Position						
Economic Development Corporation	Drains	Land Bank Authority	Brownfield Authority	Storm Water Management System	Genesee Health System	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (9,410,890)
-	-	-	-	-	-	3,626,963
(7,332)	-	-	-	-	-	(7,332)
-	(7,592,534)	-	-	-	-	(7,592,534)
-	-	3,437,283	-	-	-	3,437,283
-	-	-	498	-	-	498
-	-	-	-	(128,043)	-	(128,043)
-	-	-	-	-	(11,159,201)	(11,159,201)
(7,332)	(7,592,534)	3,437,283	498	(128,043)	(11,159,201)	(21,233,256)
-	2,180,900	-	-	-	-	2,180,900
-	414	3,336	53	62	10,995	2,378,390
26,300	44,277	-	-	-	2,271,313	5,459,700
26,300	2,225,591	3,336	53	62	2,282,308	10,018,990
18,968	(5,366,943)	3,440,619	551	(127,981)	(8,876,893)	(11,214,266)
749,574	24,541,939	15,856,849	(10,198,668)	354,513	(15,797,655)	393,662,982
<b>\$ 768,542</b>	<b>\$ 19,174,996</b>	<b>\$ 19,297,468</b>	<b>\$ (10,198,117)</b>	<b>\$ 226,532</b>	<b>\$ (24,674,548)</b>	<b>\$ 382,448,716</b>

# Genesee County, Michigan

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## Notes to Financial Statements September 30, 2016

### Note I - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by Genesee County:

#### **Reporting Entity**

The County of Genesee, Michigan was incorporated on March 18, 1835 and covers an area of approximately 642 square miles with the county seat located in the City of Flint. The County operates under an elected Board of Commissioners (nine members) and provides services to its more than 425,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services. Education services are provided to citizens through more than 198 schools in 21 local school districts, five colleges, and a district library; such districts, colleges, and the library are separate governmental entities whose financial statements are not included herein, in accordance with the Governmental Accounting Standards Board Codification Section 2100.

As required by generally accepted accounting principles, these financial statements represent Genesee County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

#### **Blended Component Units**

**Genesee County Building Authority** - Legally separate entity established for the sole purpose of issuing bonded debt to finance construction of County buildings. The entire Building Authority is appointed by the County Board of Commissioners. There was no activity in the current year.

**Genesee County Employees' Retirement System** - Legally separate entity established to account for employee and employer contributions, investment income, accumulated assets, and payments to beneficiaries. The pension board has five ex-official commissioners due to their positions held in the county and four elected employee commissioners, with services provided almost exclusively for the County and its employees. The retirement system has a calendar fiscal year end. It was determined by the County that it would be extremely impractical for the retirement system to change to a September 30th fiscal year end. The retirement system is a blended component unit of the County shown as a fiduciary fund.

#### **Discretely Presented Component Units**

**Genesee County Road Commission** - An entity responsible for constructing and maintaining the primary and local road system within the County. Its three-member board is appointed by the County Board. The County Board can significantly influence the operations of the Road Commission Board.

### **Note I - Summary of Significant Accounting Policies (Continued)**

**Water and Waste Services** - An entity established by the County pursuant to State law to provide for water and waste management services. The County appoints the lone board member/member-director and has the ability to remove the manager-director if they so choose. The County approves and would be secondarily liable for any debt issuances. Water and waste services has a calendar year. The County has determined that it would be impractical for water and waste services to change to a September 30th fiscal year end.

**Economic Development Corporation** - An entity responsible for the administration of the revolving loan program. This loan program makes low-interest loans available to businesses located within Genesee County. The Board of the Economic Development Corporation (EDC) is appointed by the Board of Commissioners. The Board of Commissioners can remove board members of the EDC if they so choose.

**Drains** - These separate legal entities represent drainage districts established pursuant to Act 40, P.A. 1956, as amended, the Michigan Drain Code. The oversight of these districts is the responsibility of the Genesee County Drain Commissioner, an elected position that is funded by Genesee County. The County lends its full faith and credit toward payment of the special assessment bonds issued for the projects. The County can significantly influence the operations of the Drain Commission since the County Board of Commissioners approves the drains budgets.

**Genesee County Land Bank Authority** - An entity which accounts for the activities of the authority consisting of acquisition of properties via the delinquent tax state statute sales of property to individuals, commercial entities, and nonprofit organizations, rental of properties to individuals, and rehabilitation and demolition of properties in preparation for sale or future development. The entity is comprised of seven members appointed by the County Board. The County Board can significantly influence the operations of the Land Bank Authority Board.

**Brownfield Authority** - An entity governed by a nine-member board. The Board is appointed by each member of the County Board. The Brownfield Authority was created to provide a means for financing remediation of Brownfield (environmentally contaminated) sites within the County. The County issued bonds to provide capital for the revitalization of environmentally distressed, blighted, and functionally obsolete properties within the County. The County approves and would be secondarily liable for any debt issuances.

### **Note I - Summary of Significant Accounting Policies (Continued)**

**Storm Water Management System** - An entity established by the County pursuant to Act 342, Public Acts of Michigan, 1939. Genesee County Storm Water Management System is responsible for administration services necessary to enable the County and the cities, villages, townships, and charter townships located within the County to comply with the Phase II Regulations established by the United States Environmental Protection Agency (EPA) in the Federal Register on December 8, 1999. The Drain Commissioner's Office was designated and appointed as the "County Agency" for the System to manage and operate the system.

**Genesee Health Services (Agency), formerly known as Genesee County Community Mental Health Authority** - On August 29, 2012, the Board of Commissioners of Genesee County, Michigan approved a resolution to establish a community mental health authority (a separate entity) to assume the activities of the Agency, effective January 1, 2013. The Agency is reported as a discretely presented component unit effective January 1, 2013.

Complete financial statements of the individual component units (excluding Drains, Brownfield Authority, Economic Development Corporation of Genesee County, and Building Authority, which are included in this financial report) can be obtained from their respective administrative offices.

#### **Accounting and Reporting Principles**

The County follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

#### **Report Presentation**

Governmental accounting principles require that financial reports include two different perspectives: the government-wide perspective and the fund-based perspective. 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. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. 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. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

### **Note I - 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (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 revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and the component units even though the fiduciary fund statements 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.

#### **Fund Accounting**

The County accounts for its various activities in several different funds in order to demonstrate accountability for how we have spent certain resources; separate funds allow us to show the particular expenditures for which specific revenue was used. The various funds are aggregated into three broad fund types:

**Governmental Funds** include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The County reports the following funds as major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The County Health Fund accounts for the operations of providing health protection and health services; the main revenue sources are federal and state grants.
- The Community Action Resource Department Fund accounts for the programs designed to provide health and human services to low-income individuals; the main revenue source is federal grants.
- The Community Development Fund accounts for Housing and Urban Development grant awards that are allocated to all local units of government (excluding City of Flint) for projects benefiting low- and moderate-income persons or projects defined as having an urgent need.

### Note I - Summary of Significant Accounting Policies (Continued)

**Proprietary Funds** distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses. The government reports the following major enterprise fund:

- The Delinquent Tax Revolving Enterprise Fund accounts for the activities of the delinquent real property tax purchase program whereby the County purchases the outstanding taxes from each local taxing unit. The County in turn collects those delinquent taxes along with penalties and interest.

The County's internal service funds account for various services such as data processing, purchasing, and other administrative services, fleet management, buildings and grounds maintenance, the self-funded property/casualty program, and the self-funded prescription drug and medical program. These services are provided to other County departments on a cost reimbursement basis.

**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 Genesee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The government reports the following fiduciary funds:

- The Pension Trust Fund accounts for employee and employer pension contributions, investment income, accumulated assets, and payments to beneficiaries.
- The Employees' Fringe Benefits (VEBA) Fund accounts for employee and employer contributions, investment income, and accumulated assets set aside with the intent to accumulate adequate funds to defray part of the cost of retiree medical benefits in future years.
- The Trust and Agency Funds account for assets held by the County as an agent for individuals, private organizations, other governments, and other funds.

Agency Funds account for assets held by the County in an agency capacity.

### **Note I - Summary of Significant Accounting Policies (Continued)**

**Interfund Activity** - During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

#### **Basis of Accounting**

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the County has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree healthcare related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected, or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the County considers revenue to be available if it is collected within sixty (60) days of the end of the current fiscal period. The following major revenue sources meet the availability criterion: state-shared revenue, property tax revenue, court fines, and interest associated with the current fiscal period. Conversely, property taxes and federal grant reimbursements will be collected after the period of availability; receivables have been recorded for these, along with a "deferred inflow of resources."



### Note I - Summary of Significant Accounting Policies (Continued)

Proprietary funds and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

#### Specific Balances and Transactions

**Cash and Cash Equivalents** - The County considers cash equivalents as short-term highly liquid investments that are both readily convertible to cash and have maturities of 90 days or less when purchased to minimize the risk of changes in value due to interest rate changes.

**Investments** - Investments are stated at fair values. Fair value is determined based on quoted market prices except for money market funds, which are valued at amortized cost. Unrealized appreciation or depreciation on investments due to changes in market value are recognized in fund operations each year.

**Inventories and Prepaid Items** - Inventories are stated at cost on a first-in, first-out basis for governmental funds and the lower of cost on a first-in, first-out basis or market for proprietary funds. The cost of inventory items in governmental funds is recorded as an expenditure at the time of purchase, except for certain Special Revenue Funds and the Water and Waste Services component unit, whereby inventories are expensed when used. Inventory in the Land Bank Authority represents land inventory held for resale.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), 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 ranging from \$1,500 for equipment to \$100,000 for infrastructure and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Interest incurred during the construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, no interest expense was capitalized as part of the cost of assets under construction.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

Capital Asset Class	Lives
Land improvements	10 years
Buildings and improvements	25-50 years
Equipment	3-20 years
Infrastructure	20-50 years

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Long-term Obligations** - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

#### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, represents a consumption of net position that applies to a future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. At September 30, 2016, the County reported deferred outflows of resources related to pensions for governmental activities and business-type activities. See the table in Note 9 for governmental and business-type activities and Note 14 for component units for amounts and when they will be recognized in pension expense. In the component units, Water and Waste Services and the Economic Development Corporation, a deferred outflow of resources related to bond refunding loss that is being amortized.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. There are also deferred inflows in the governmental funds for unavailable grant revenue and property tax revenue.

#### **Net Position Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Fund Balance Flow Assumption**

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when an expense is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the County's policy to spend funds in this order: committed, assigned, and unassigned.

#### **Fund Balance Policies**

In the fund financial statements, governmental funds report the following components of fund balance:

- **Nonspendable** - Amounts that are not in spendable form or are legally or contractually required to be maintained intact
- **Restricted** - Reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose
- **Committed** - Amounts that have been formally set aside by the Board of Commissioners for use for specific purposes. Commitments are made and can be rescinded only via resolution of the Board
- **Assigned** - Intent to spend resources on specific purposes expressed by the Board of Commissioners
- **Unassigned** - Amounts that do not fall into any other category above. This is the residual classification for amounts in the General Fund and represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes in the General Fund. In other governmental funds, only negative unassigned amounts are reported, if any, and represent expenditures incurred for specific purposes exceeding the amounts previously restricted, committed, or assigned to those purpose.

### **Note I - Summary of Significant Accounting Policies (Continued)**

#### **Property Taxes**

The County property tax is levied each July 1 for operations and each December 1 for all others on the assessed valuation of property located in the County as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the next February following. Assessed values are established annually by the County and are equalized by the State at an estimated 50 percent of current market value. Real and personal property in Genesee County for the 2016 levy was assessed at \$10,274,301,002 and equalized at \$10,274,301,002 representing 50 percent of estimated current market value. The County operating tax rate is currently 5.5072 mills with an additional 0.75 mills voted for parks, 0.4847 mills for paramedics, 0.7 mills for senior services, 1.0 mill for health services, 0.1 mills for veterans, 0.04 mills for the MSU extension, and 0.2 mills for animal control.

By agreement with various taxing authorities, the County purchases at face value the real property taxes receivable returned delinquent each March 1. These receivables (\$42,830,078 at September 30, 2016) are pledged to a bank for payment of notes payable, the proceeds of which were used to liquidate the amounts due the General Fund and various other funds and governmental agencies for purchase of the receivables and to provide funds for current operations. Subsequent collections on delinquent taxes receivable, plus interest and collection fees thereon and investment earnings, are used to extinguish the debt.

Collections of delinquent taxes, which include interest, penalties, fees, and investment earnings, amounting to \$38,179,825 in 2016, are used to service the notes payable. Principal and interest paid on the notes payable in 2016 amounted to \$40,592,803.

**Pension** - Genesee County offers a defined benefit pension plan to its employees. The County records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the GCERS Pension Plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The General, Special Revenue, DTR, and Internal Service Funds will be used to liquidate the net pension liability, based on whichever fund an employee or retiree is assigned and to which the employee's pension costs are charged.

### **Note I - Summary of Significant Accounting Policies (Continued)**

**Other Postemployment Benefit Costs** - The County offers retiree healthcare benefits to retirees. The County receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. In the governmental funds, OPEB costs are recognized as contributions are made. For the government-wide statements and proprietary funds, the County reports the full accrual cost equal to the current year required contribution, adjusted for interest and "adjustment to the ARC" on the beginning of year underpaid amount, if any. The General, Special Revenue, DTR, and Internal Service Funds will be used to liquidate the other postemployment benefit obligation, based on whichever fund an employee or retiree is assigned and to which the employee's other postemployment benefit costs are charged.

**Compensated Absences (Vacation and Sick Leave)** - It is the County's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Vacation pay is accrued and fully vested when earned; upon termination, with a few bargaining unit exceptions, employees are paid accumulated vacation at full rates to a limit of 150 percent of their current annual earned vacation. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. All other accrued compensated absences are reported in the government-wide financial statements; generally the funds that report each employee's compensation (the General Fund, Major Special Revenue Funds, Internal Services Funds, and Delinquent Tax Revolving Fund, primarily) are used to liquidate the obligation.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 2 - Change in Accounting

During the year, the County adopted GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

During the current year, the Genesee County Drain Commissioner Division of Water and Waste Services, a discretely presented component unit of the County, adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the government-wide statements and the proprietary funds now include a liability for our unfunded pension costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to Note 17 for further details.

The effect of this change is as follows:

	Component Units
Net position - September 30, 2015 - As previously reported	\$ 409,754,368
Adjustment to record beginning net pension liability	<u>(16,091,386)</u>
Net position - September 30, 2015 - As restated	<u>\$ 393,662,982</u>

### Note 3 - Stewardship, Compliance, and Accountability

**Fund Deficits** - As of September 30, 2016, the following funds were in a deficit at year end:

Component unit - Brownfield Authority	\$ 10,198,117
Special revenue funds - Community Action Resource Department	4,102,017
Capital projects funds:	
KRONOS Workforce	39,699
Project ERP	146,287
Internal service funds:	
Administrative services	5,721,610
Vehicle and equipment	131,844

### **Note 4 - Deposits and Investments**

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Pension Trust Fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles. The Employees' Fringe Benefit (VEBA) Fund is authorized by Michigan Public Act 149 of 1999 to invest in similar types of investments as the pension fund.

State statutes as they relate to group self-insurance pools (Public Act 218 of 1956, as amended) authorize the Self Funded Property/Casualty Program Fund to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the state of Michigan, commercial paper, common stocks, real estate, repurchase obligations of the U.S. government and U.S. agencies, bankers' acceptances of U.S. banks, common stocks, and mutual funds comprised of the above authorized investments. The Pool has adopted the above as its investment policy and has authorized the following depositories: First Merit Bank and Beacon Investment Company.

The County has designated five banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments as allowed under State statutory authority as listed above. The County's cash and investments are subject to several types of risk, which are examined in more detail as follows:

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 4 - Deposits and Investments (Continued)

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. At year end, the County had \$47,382,842 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. Insuring or collateralizing all cash deposits would also result in a significant decrease in the investment returns for the County. Consistent with the investment policy that is prepared by the County Treasurer's Office and approved by the County Board of Commissioners, the County evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**Custodial Credit Risk of Investments** - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County does not have a policy for custodial credit risk. At year end, \$456,779,567 of investment securities were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the County's name.

**Interest Rate Risk** - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The County's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Type of Investment	Fair Value	Less than 1 year	1-10 Years	More than 10 Years
U.S. gov. or agency bond or notes (self insurance)	\$ 1,741,840	\$ 400,284	\$ 1,341,556	\$ -
Corporate bonds (self insurance)	1,215,494	338,627	876,867	-
U.S. gov. or agency bond or notes (VEBA)	676,187	-	676,187	-
Corporate bonds (VEBA)	5,114,248	391,122	4,723,126	-
Asset backed (pension)	1,348,656	-	455,402	893,254
U.S. gov. or agency bond or notes (pension)	75,307	-	75,307	-
U.S. gov. mortgage-backed (pension)	3,340,064	-	63,690	3,276,374
U.S. gov. tips (pension)	2,857,159	-	1,451,879	1,405,280
U.S. gov. treasuries, notes, and bonds (pension)	27,428,389	4,221,446	17,598,826	5,608,117
Corporate collateralized mortgage obligation (pension)	1,234,002	-	-	1,234,002
Corporate bonds (pension)	23,500,486	562,115	16,741,172	6,197,199
Foreign corporate (pension)	6,778,839	1,130,520	4,184,698	1,463,621
Foreign gov. (pension)	2,682,862	1,000,218	1,197,731	484,913
Private placement (pension)	8,555,452	993,737	5,604,530	1,957,185
Total	<u>\$ 86,548,985</u>	<u>\$ 9,038,069</u>	<u>\$ 54,990,971</u>	<u>\$ 22,519,945</u>



# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 4 - Deposits and Investments (Continued)

**Credit Risk** - Credit risk is the risk that the government will not be able to recover the value of its securities. The County follows state law which limits investments in commercial paper 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 for general County funds. The pension funds are allowed to invest in longer maturity corporate bonds in accordance with state law. As of year end, the credit quality ratings of debt securities not explicitly guaranteed by the U.S. government are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. gov. agency securities (self insurance)	\$ 176,502	AA+	S&P
Money market (self insurance)	1,122,972	AA M	S&P
Corporate bonds (self insurance)	175,245	BBB+	S&P
Corporate bonds (self insurance)	351,928	BBB	S&P
Corporate bonds (self insurance)	511,298	BBB-	S&P
Corporate bonds (self insurance)	177,024	BB-	S&P
Corporate bonds (VEBA)	463,638	AA	S&P
Corporate bonds (VEBA)	2,633,588	BBB	S&P
Corporate bonds (VEBA)	1,599,806	BB	S&P
Foreign government bonds (VEBA)	114,813	BB	S&P
Foreign government bonds (VEBA)	302,403	Not Rated	N/A
U.S. gov. agency securities (VEBA)	153,197	AA	S&P
U.S. gov. agency securities (VEBA)	522,990	Not Rated	N/A
Asset backed (pension)	151,299	AAA	S&P
Asset backed (pension)	55,534	AA	S&P
Asset backed (pension)	104,994	A	S&P
Asset backed (pension)	21,406	BB	S&P
Asset backed (pension)	529,888	CCC and Below	S&P
Asset backed (pension)	485,535	Not Rated	N/A
Corporate bonds (pension)	1,134,166	AA	S&P
Corporate bonds (pension)	3,891,615	A	S&P
Corporate bonds (pension)	13,256,832	BBB	S&P
Corporate bonds (pension)	4,289,534	BB	S&P
Corporate bonds (pension)	789,625	B	S&P
Corporate bonds (pension)	25,200	CCC and Below	S&P

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 4 - Deposits and Investments (Continued)

Investment	Fair Value	Rating	Rating Organization
Corporate bonds (pension)	\$ 104,514	Not Rated	N/A
Corporate CMO (pension)	83,546	A	S&P
Corporate CMO (pension)	292,204	BBB	S&P
Corporate CMO (pension)	161,145	BB	S&P
Corporate CMO (pension)	81,765	B	S&P
		CCC and	
Corporate CMO (pension)	422,611	Below	S&P
Corporate CMO (pension)	192,731	Not Rated	N/A
Private placements (pension)	403,400	AA	S&P
Private placements (pension)	561,452	A	S&P
Private placements (pension)	3,401,540	BBB	S&P
Private placements (pension)	1,663,651	BB	S&P
Private placements (pension)	1,251,550	B	S&P
		CCC and	
Private placements (pension)	300,750	Below	N/A
Private placements (pension)	973,110	Not Rated	S&P
Foreign corporate bonds (pension)	741,906	AAA	S&P
Foreign corporate bonds (pension)	1,421,635	A	S&P
Foreign corporate bonds (pension)	2,985,074	BBB	S&P
Foreign corporate bonds (pension)	188,750	BB	S&P
Foreign corporate bonds (pension)	128,700	B	S&P
Foreign corporate bonds (pension)	1,235,274	Not Rated	N/A
Foreign government bonds (pension)	599,430	AAA	S&P
Foreign government bonds (pension)	356,210	A	S&P
Foreign government bonds (pension)	902,342	BBB	S&P
Foreign government bonds (pension)	824,880	Not Rated	N/A
U.S. government agency (pension)	75,307	Not Rated	N/A
U.S. government mortgage backed (pension)	3,340,064	Not Rated	N/A
U.S. government TIPS (pension)	2,857,159	Not Rated	N/A
U.S. government treasuries, notes, and bonds (pension)	27,516,962	Not Rated	N/A
Total	<u>\$ 87,751,532</u>		

### Note 4 - Deposits and Investments (Continued)

**Foreign Currency Risk** - Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. The pension system does not restrict the amount of investments in foreign currency. The following securities are subject to foreign currency risk:

	<u>Fair Value (in \$)</u>
Euro	\$ 6,614,712
Great British pounds	48,250
Mexican peso	380,724
Brazilian real	541,973
Norwegian kroner	2

All of the System's investments subject to foreign currency risk relate to a single commingled fund which held many different foreign currency securities. The System owns a portion of the commingled fund.

**Securities Lending** - As permitted by state statutes and under the provisions of a securities lending authorization agreement, the System lends securities to broker-dealers and banks for collateral that will be returned for the same securities in the future. The System's custodial bank manages the securities lending program and receives cash as collateral. Borrowers are required to deliver collateral for each loan equal to not less than 100 percent of the market value of the loaned securities. During the year ended December 31, 2015, only United States currency was received as collateral.

The System did not impose any restrictions during the fiscal year on the amount of loans made on its behalf by the custodial bank. The System presently owns \$206,930 of Sigma Finance Medium Term Note, which is a defaulted investment. The System elected to repay the liability over a five-year period. There were no other failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year.

### **Note 4 - Deposits and Investments (Continued)**

The Genesee County Employees' Retirement System (the "System") and the borrower maintain the right to terminate all securities lending transactions on demand. The cash collateral received on each loan was invested, together with the cash collateral of other lenders, in an investment pool. The average duration of the investments in the cash collateral pool is deemed to mature on the cash collateral pool's next business day as per the reinvestment guidelines, with the exception of the Sigma Medium Term Note (impaired). Because the loans are terminable on demand, their duration did not generally match the duration of the investments made with cash collateral. On December 31, 2015, the System had no credit risk exposure to borrowers with the exception of Sigma Finance. The collateral based on cost and the fair market value of the underlying securities on loan for the System as of December 31, 2015 was \$4,967,472 and \$4,752,343, respectively, which consisted of short-term money market mutual funds and Sigma Finance Term Note commercial paper.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

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

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 4 - Deposits and Investments (Continued)

The County has the following recurring fair value measurements as of September 30, 2016:

#### Assets Measured at Fair Value on a Recurring Basis

		Fair Value Measurement Using		
	Balance at September 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments by Fair Value Level</b>				
Debt securities:				
U.S. gov. or agency bond or note (self insurance)	\$ 1,741,840	\$ 400,284	\$ 1,341,556	\$ -
U.S. gov. or agency bond or note (VEBA)	676,186	522,990	159,196	-
Foreign government bonds (VEBA)	417,216	-	417,216	-
Corporate bonds (self insurance)	1,215,494	-	1,215,494	-
Corporate bonds (VEBA)	4,697,032	-	4,697,032	-
Total debt securities	8,747,768	923,274	7,830,494	-
Equity securities:				
Common stocks (self insurance)	1,928,397	1,928,397	-	-
Mutual funds (self insurance)	1,037,891	1,037,891	-	-
Common stocks (VEBA)	12,801,796	12,801,796	-	-
Mutual funds (VEBA)	6,420,562	420,562	-	-
Partnerships publicly traded (VEBA)	2,104,981	-	2,104,981	-
Total equity securities	24,293,627	16,188,646	2,104,981	-
Money market funds:				
Money market funds (self insurance)	1,122,971	-	1,122,971	-
Money market funds (VEBA)	1,508,449	-	1,508,449	-
Total venture capital investments	2,631,420	-	2,631,420	-
Total investments by fair value level	35,672,815	\$ 17,111,920	\$ 12,566,895	\$ -
<b>Investments Measured at Net Asset Value (NAV)</b>				
Mutual funds - Open end (VEBA)	168,756			
Real estate limited partnerships (VEBA)	4,264,514			
Total investments measured at NAV	4,433,270			
Total investments measured at fair value	\$ 40,106,085			

**Note 4 - Deposits and Investments (Continued)**

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of debt securities, mutual funds and money market funds at September 30, 2016 was determined primarily based on Level 2 inputs. The County estimates the fair value of these investments using quoted prices for similar assets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is presented on the following table.

**Investments in Entities that Calculate Net Asset Value per Share**

The County holds shares or interests in investment companies whereby the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At the year ended September 30, 2016, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Mutual funds - Open ended	\$ 168,756	\$ -		
Limited partnerships	<u>4,264,514</u>	<u>-</u>	Quarterly	30 days
Total investments measured at NAV	<u>\$ 4,433,270</u>	<u>\$ -</u>		

The mutual funds - open ended include investments whose objective is to seek to maximize total return. The funds invest mainly in mortgage-backed securities actively allocating between agency and non-agency securities to provide high income while maintaining neutral duration scenario to diversify risks within the portfolio.

The limited partnerships include investments in other limited liability companies and limited partnerships that specialize in a wide array of real estate investments established to act as real estate investment vehicles. The partnerships acquire ownership in underlying investments either through direct real estate ownership or ownership in real estate companies or the equity of real estate investment companies or trusts. The fair values of the investments in this class have been estimated using the net asset value per share of the investments.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 5 - Capital Assets

Capital asset activity at September 30, 2016 is summarized as follows:

	Balance October 1, 2015	Reclassifications	Additions	Disposals	Balance September 30, 2016
<b>Governmental Activities</b>					
Capital assets not being depreciated:					
Land	\$ 11,417,653	\$ (62,463)	\$ -	\$ -	\$ 11,355,190
Construction in progress	-	-	516,565	-	516,565
Subtotal	11,417,653	(62,463)	516,565	-	11,871,755
Capital assets being depreciated:					
Buildings and improvements	117,987,091	4,072,038	243,159	(1,680,369)	120,621,919
Machinery and equipment	29,633,669	(4,229,599)	1,169,858	(2,892,153)	23,681,775
Land improvements	8,984,818	220,018	952,228	(1,445,318)	8,711,746
Subtotal	156,605,578	62,457	2,365,245	(6,017,840)	153,015,440
Accumulated depreciation:					
Buildings and improvements	62,500,272	-	3,310,835	(964,894)	64,846,213
Machinery and equipment	19,805,491	-	1,504,146	(2,844,962)	18,464,675
Land improvements	52,222	(6)	-	-	52,216
Subtotal	82,357,985	(6)	4,814,981	(3,809,856)	83,363,104
Net capital assets being depreciated	74,247,593	62,463	(2,449,736)	(2,207,984)	69,652,336
Net capital assets	\$ 85,665,246	\$ -	\$ (1,933,171)	\$ (2,207,984)	\$ 81,524,091
<b>Business-type Activities</b>					
Capital assets not being depreciated - Land	\$ 3,523,844	\$ -	\$ -	\$ -	\$ 3,523,844
Capital assets being depreciated:					
Buildings and improvements	1,181,215	-	-	-	1,181,215
Machinery and equipment	4,326,610	-	-	(34,841)	4,291,769
Land improvements	3,608,535	-	-	-	3,608,535
Subtotal	9,116,360	-	-	(34,841)	9,081,519
Accumulated depreciation:					
Buildings and improvements	1,169,940	-	-	-	1,169,940
Machinery and equipment	4,310,775	-	15,644	(34,561)	4,291,858
Land improvements	3,090,831	-	52,224	-	3,143,055
Subtotal	8,571,546	-	67,869	(34,561)	8,604,853
Net capital assets being depreciated	544,814	-	(67,869)	(280)	476,665
Net capital assets	\$ 4,068,658	\$ -	\$ (67,869)	\$ (280)	\$ 4,000,509

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 5 - Capital Assets (Continued)

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

Governmental activities:

Administration of Justice	\$ 1,211,214
Law Enforcement and Community Protection	780,858
Human Services	380,614
Community Enrichment and Development	540,296
General Support Services	108,957
Other	1,061,857
Internal service fund depreciation is charged to the various functions based on their usage of the assets	<u>731,185</u>

Total governmental activities	<u><u>\$ 4,814,981</u></u>
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Business-type activities:

Land Reutilization	\$ 360
Parks and Recreation	<u>67,509</u>

Total business-type activities	<u><u>\$ 67,869</u></u>
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In addition, land with an approximate value of \$5,000,000 used by Parks and Recreation is leased at nominal costs from the Nature Conservatory and the City of Flint under long-term arrangements.



# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Internal Service Funds	\$ 6,136,000
	Delinquent taxes	3,649
	Nonmajor governmental funds	<u>1,267,970</u>
	Total General Fund	7,407,619
County Health	Nonmajor governmental funds	379,547
Genesee County Community Action Resource Department	Nonmajor governmental funds	120,032
Nonmajor governmental funds	General Fund	40
	County Health	298,412
	Community Development	53,685
	Nonmajor governmental funds	83,510
	Internal Service	<u>709,627</u>
	Total nonmajor governmental funds	1,145,274
Delinquent Taxes	General Fund	695,453
	Genesee County Community Action Resource Department	1,309,000
	Nonmajor governmental funds	<u>54,536</u>
	Total delinquent taxes	2,058,989
Internal Service Funds	General Fund	3,062,236
	Genesee Community Action Resource Department	2,797,421
	Community Development	57
	Nonmajor governmental funds	867,172
	Delinquent taxes	72,064
	Nonmajor enterprise funds	19,192
	Internal Service Funds	<u>305,158</u>
	Total Internal Service Funds	<u>7,123,300</u>
	Total	<u><u>\$ 18,234,761</u></u>

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Receivable Fund	Payable Fund	Amount
<b>Advances from/to Other Funds</b>		
Primary government - General Fund	Primary government - Internal Service Fund - Vehicles and equipment	\$ 826,051

Receivable Fund	Payable Fund	Amount
<b>Due to/from Primary Government and Component Units</b>		
Primary government	Component unit - Drains	\$ 50,000
Primary government - Hughes & Hatcher Debt Service Fund	Component unit - Land Bank Authority	1,620,000
Component unit - Land Bank Authority	Primary government - Community development	17,959

Note - The interfund receivables/payables exist due to the fact that the County uses a pooled cash management account for substantially all funds.

Long-term Advances: Long-term advances from the General Fund to other funds are commonly made to finance new activities during their initial operations. General Fund fund balance is reserved for such advances to reflect the amount of fund balance not currently available for expenditure.

The due to Hughes & Hatcher from Genesee County Land Bank was for improvements of the Land Bank Center and will mature on October 1, 2024 and is paid in yearly principal and interest installments with interest at rates ranging from 4.75 percent to 5.75 percent.

The due to Genesee County Land Bank Authority from Community Development is related to payments owed to the Authority as of year end.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Interfund transfers reported in the fund financial statements are comprised of the following:

Transfers In	Transfers Out	Amount
General Fund	Nonmajor governmental funds	\$ 4,412,143
	Internal Service Funds	304,005
	Delinquent taxes	5,000,000
	Nonmajor enterprise funds	4,102
	Total General Fund	9,720,250
County Health	General Fund	1,783,270
	Nonmajor governmental funds	379,547
	Internal Service Funds	203,752
	Total County Health	2,366,569
Nonmajor governmental funds	General Fund	13,332,830
	Genesee County Community Action Resource Department (GCCARD)	346,222
	Internal Service Funds	138,654
	Nonmajor governmental funds	430,098
	Total nonmajor governmental funds	14,247,804
Nonmajor enterprise funds	General Fund	176,000
	Nonmajor governmental funds	625,000
	Total nonmajor enterprise funds	801,000
Internal Service Funds	General Fund	1,955,888
	County Health	6,042
	Nonmajor governmental funds	1,810,915
	Total Internal Service Funds	3,772,845
	Total	\$ 30,908,468

Transfers between funds were primarily for operating purposes. Other transfers were made to the full accrual fund to account for the closure of various internal service funds.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 7 - Long-term Debt

Long-term debt of the County is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Internal Service Fund Equipment Notes	\$ 309,175	\$ -	\$ (154,436)	\$ 154,739	\$ 154,738
Capital Improvement Bonds 2011, Proceeds were used to renovate various County buildings	475,000	-	(75,000)	400,000	80,000
2.9% Genesee County Refunding Bonds; Bonds maturing on or prior to May 1, 2022 shall not be subject to redemption prior to maturity. Bonds maturing on or after May 1, 2022 may be subject to prior redemption	3,540,000	-	(465,000)	3,075,000	475,000
JCI Energy Bonds 2010; Debt was issued to perform numerous energy efficiency improvements on most County buildings	6,795,784	-	(420,000)	6,375,784	460,000
4.75% to 5.7% Genesee County Bonds Series 2004-B Capital Improvement Bonds; Bonds maturing before April 1, 2014 not subject to redemption prior to maturity	1,670,000	-	(50,000)	1,620,000	55,000
3.00% to 5.00% Genesee County Refunding Bonds; Bonds maturing on or prior to May 1, 2015 shall not be subject to redemption prior to maturity. Bonds maturing on or after May 1, 2016 may be subject to prior redemption	5,875,000	-	(1,365,000)	4,510,000	1,430,000
6.34% Capital Improvement Bonds, Series 2008; Bonds maturing on or prior to November 1, 2018 may not be subject to redemption prior to maturity	460,000	-	(115,000)	345,000	115,000
Total	19,124,959	-	(2,644,436)	16,480,523	2,769,738
Compensated absences	4,032,939	3,355,081	(3,481,657)	3,906,363	3,215,354
Total governmental activities	<u>\$ 23,157,898</u>	<u>\$ 3,355,081</u>	<u>\$ (6,126,093)</u>	<u>\$ 20,386,886</u>	<u>\$ 5,985,092</u>
<b>Business-type Activities</b>					
Parks and Recreation Fund:					
Delinquent Tax Fund:					
Variable rate delinquent tax notes	<u>\$ 43,530,000</u>	<u>\$ 33,445,000</u>	<u>\$ (39,605,000)</u>	<u>\$ 37,370,000</u>	<u>\$ 36,605,000</u>

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 7 - Long-term Debt (Continued)

Genesee County lends its full faith and credit for bond issues that are repaid through special assessments. The County is not obligated in any manner for special assessment debt. The amount of special assessment debt is detailed within the notes for the component unit under which the projects originated.

Delinquent property taxes receivable are pledged as collateral for the repayment of the outstanding delinquent tax notes (see Note 1).

Typically, the General Fund and all Special Revenue Funds liquidate liability for compensated absences and governmental debt.

The annual requirements to pay principal and interest on the obligations outstanding at September 30, 2016 are as follows:

Years Ending September 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 2,769,739	\$ 785,588	\$ 3,555,327	\$ 36,605,000	\$ -	\$ 36,605,000
2018	2,745,000	657,725	3,402,725	765,000	-	765,000
2019	2,875,000	525,694	3,400,694	-	-	-
2020	1,240,000	391,021	1,631,021	-	-	-
2021	1,300,000	236,155	1,536,155	-	-	-
2022	1,280,000	278,335	1,558,335	-	-	-
2023-2026	3,345,784	605,492	3,951,276	-	-	-
2027-2031	530,000	206,625	736,625	-	-	-
2032-2035	395,000	45,885	440,885	-	-	-
Total	\$ 16,480,523	\$ 3,732,520	\$ 20,213,043	\$ 37,370,000	\$ -	\$ 37,370,000

By statute, the County general obligation debt is restricted to 10 percent of the equalized value of all property in the County. Certain obligations, such as special assessment notes, are not subject to this limitation. At September 30, 2016, the County's debt limit amounted to \$1,027,430,100 and indebtedness subject to the limitation aggregated \$147,931,519.

Subsequent to Genesee County Drain Commissioner year end for the Water and Waste Services division, December 31, 2015 as presented in these financial statements, the County Board of Commissioners has approved issuing approximately \$60 million in bonds for a new water treatment plant, which was issued prior to the date of this report. This debt will be presented in the Genesee County Drain Commissioner Division of Water and Waste Services December 31, 2016 balances, which will be included in the County's fiscal year ending September 30, 2017.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 8 - Contingencies, Claims, Risk Management, and Litigation

There are various legal actions pending against the County. Management has evaluated the likely outcome of various actions and has concluded that it is not appropriate to record any amount as a liability at September 30, 2016.

The County is totally self-insured for workers' compensation for all losses, up to \$500,000 each occurrence, and self-insured for property and liability insurance claims up to \$50,000 and \$350,000, respectively, for specific losses. The County is insured for the amount of claims in excess of such limitation to a maximum of replacement cost for property and \$20,000,000 for liability claims. The County is self-insured for claims in excess of these insurance coverages. The County is also self-insured for the first \$50,000 of catastrophic coverage for auto physical damage per location. The County is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees.

The County paid losses within its self-insured retention through an Internal Service Fund. Net position for this fund as of September 30, 2016 was \$5,775,098, with \$4,127,380 accrued as a liability for incurred losses and expenses. An actuarial study projected a required reserve of \$0.0 million for 2016. The County's Risk Manager provides employee accident prevention training and various risk control techniques through a continuing education program. There were no reductions in reinsurance coverage or settlements in excess of insurance coverage over the past three years.

A reconciliation of the claims liability for the years ended September 30, 2016 and 2015 is as follows:

	Year Ended September 30, 2016	Year Ended September 30, 2015
Claims liability (beginning of year)	\$ 3,912,816	\$ 3,628,987
Claims incurred during the period	1,857,239	1,615,781
Changes in estimate for claims of prior periods	364,434	390,252
Payments on claims	(2,007,109)	(1,722,204)
Claims liability (end of year)	<u>\$ 4,127,380</u>	<u>\$ 3,912,816</u>

Several complaints for alleged discriminatory employment practices have also been filed against the County.

A portion of the fund balance of the General Fund has been assigned to provide for a possible loss resulting from the unfavorable outcome of any claims and litigation. See the General Fund balance sheet.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 8 - Contingencies, Claims, Risk Management, and Litigation (Continued)

The County provides a funding mechanism for the payment of the costs of pharmaceuticals and medical insurance for employees. The County contracts with a third-party administrator to provide claims processing with the cost of the claims reimbursed from these funds. Net position for this fund as of September 30, 2016 was \$2,237,586, with \$141,200 accrued as a liability for incurred losses and expenses.

A reconciliation of the claims liability for the years ended September 30, 2016 and 2015 are as follows:

	2016		
	Medical	Pharmacy	Total Insurance
Claims liability (beginning of year)	\$ 112,600	\$ 21,200	\$ 133,800
Claims incurred during the period	(799,901)	(2,100,496)	(2,900,397)
Payments on claims	803,001	2,104,796	2,907,797
Claims liability (end of year)	<u>\$ 115,700</u>	<u>\$ 25,500</u>	<u>\$ 141,200</u>
	2015		
	Medical	Pharmacy	Total Insurance
Claims liability (beginning of year)	\$ 52,000	\$ 79,000	\$ 131,000
Claims incurred during the period	(681,594)	(2,246,583)	(2,928,177)
Payments on claims	742,194	2,188,783	2,930,977
Claims liability (end of year)	<u>\$ 112,600</u>	<u>\$ 21,200</u>	<u>\$ 133,800</u>

### Note 9 - Retirement Plans - Defined Benefit Plan

**Plan Description** - The County administers a contributory agent multi-employer defined benefit pension plan known as the Genesee County Employees Retirement System (GCERS or the "System"). The plan is included as a pension trust fund in the County's Comprehensive Annual Financial Report. GCERS issues a publicly available annual financial report that includes financial statements and required supplementary information for the system as a whole. This report can be obtained from the Retirement Coordinator at the County's administrative offices, located at 1101 Beach Street, Flint, MI 48502 or on the State of Michigan's website.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 9 - Retirement Plans - Defined Benefit Plan (Continued)

GCERS was organized pursuant to Section 12a of Act 156, State of Michigan Public Acts of 1851 (MSA 5.33(1); MCLA 46.12a) as amended. GCERS was established by ordinance in 1946, beginning with general County employees and the County Road Commission. Genesee County Water and Waste Services joined the System in 1956, Genesee County Community Mental Health joined in 1966, the City of Mt. Morris in 1969, and the Genesee District Library in 1980. GCERS is regulated under the Genesee County Employees' Retirement System Ordinance, the sections of which have been approved by the State of Michigan Pension Commission. All new-hire general County and Community Mental Health employees hired after November 20, 2017 may only join the defined contribution plan.

**Benefits Provided** - The System provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in GCERS.

The GCERS plan covers union and nonunion County employees.

The plan provides for vesting of benefits after eight years of service. Generally, participants may elect normal retirement with 20 to 25 years of credited service, regardless of age, or at age 60 with eight or more years of credited service. Retirement benefits vary by employer group, and are payable monthly. Generally, the retirement benefit is equal to the employee's final average compensation times the sum of 2.4 - 2.5 percent for each year of credited service. All employers allow members to elect a deferred annuity providing a lifetime benefit. The length of service required to elect the deferred annuity is either 8 or 15 years, depending on the date of employment and employer group.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are between 1.75 and 3 percent, noncompounding.

Benefit terms, within the parameters established by GCERS, are generally established and amended by authority of the County Commissioners, generally after negotiations of these terms with the affected unions. The covered employees' benefit terms may be subject to binding arbitration in certain circumstances.

**Employees Covered by Benefit Terms** - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	994
Inactive plan members entitled to but not yet receiving benefits	31
Active plan members	196
Total employees covered by GCERS	1,221



# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 9 - Retirement Plans - Defined Benefit Plan (Continued)

**Contributions** - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, GCERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the GCERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

For the year ended September 30, 2016, the active employee contribution rate was between 5.0 and 9.0 percent of annual pay and the County's average contribution rate was 54.36 percent of annual payroll.

#### Net Pension Liability

The net pension liability reported at September 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2014</b>	\$ 350,565,644	\$ 241,903,690	\$ 108,661,954
Service cost	2,092,850	-	2,092,850
Interest	23,309,874	-	23,309,874
Differences between expected and actual experience	3,447,036	-	3,447,036
Changes in assumptions	59,608,793	-	59,608,793
Contributions - Employer	-	9,060,276	(9,060,276)
Contributions - Employee	-	1,099,739	(1,099,739)
Net investment income	-	2,902,513	(2,902,513)
Benefit payments, including refunds	(27,179,618)	(27,179,618)	-
Administrative expenses	-	(258,787)	258,787
Miscellaneous other charges	784,042	(6,455)	790,497
Net changes	62,062,977	(14,382,332)	76,445,309
<b>Balance at December 31, 2015</b>	<u>\$ 412,628,621</u>	<u>\$ 227,521,358</u>	<u>\$ 185,107,263</u>

Net pension liabilities related to the component units are disclosed in Note 17.

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 9 - Retirement Plans - Defined Benefit Plan (Continued)

**Assumption Changes** - As of the measurement date, December 31, 2015, the mortality table used by GCERS was updated to the RP 2000 Combined Healthy Mortality Table. This change in assumptions changed the total pension liability as noted in the table above.

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

For the year ended September 30, 2016, the County recognized pension expense of \$57,286,582. At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 1,149,012
Changes in assumptions	19,869,578
Net difference between projected and actual earnings on pension plan investments	10,744,514
Employer contributions to the plan subsequent to the measurement date	<u>6,724,063</u>
Total	<u>\$ 38,487,167</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of \$6,724,063, which will impact the net pension liability in fiscal year 2016, rather than pension expense.

<u>Years Ending September 30</u>	<u>Amount</u>
2017	\$ 23,705,028
2018	2,686,438
2019	2,686,438
2020	2,685,200

### Note 9 - Retirement Plans - Defined Benefit Plan (Continued)

**Actuarial Assumptions** - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 %	
Salary increases	3-7.03 %	Across the board increases along with merit and longevity increases that range from .17 percent up to 4.03 percent
Discount rate	5.56 %	

Mortality rates were based on the RP 2000 Combined Healthy Mortality Table.

**Discount Rate** - The discount rate used to measure the total pension liability was 5.56 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current active and inactive employees; therefore, the discount rate incorporates both the assumed rate of return of 8.0 percent, and a municipal bond rate which was 3.8 percent. The source of that bond rate was the S&P Muni Bond 20-year high grade index.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension 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 real rates of return by the target asset allocation percentage and by adding expected inflation. The nominal long-term expected rate of return for the plan as a whole was 8.0 percent. The target allocation by class is as follows:

Asset Class	Target Allocation (%)
U.S. Equities Active or Passive	32 %
Non-U.S. Equities	18
Domestic Fixed Income	20
Commercial Real Estate	20
Alternative Investment Hedge Funds	10

### Note 9 - Retirement Plans - Defined Benefit Plan (Continued)

**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 5.56 percent, 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 (4.56 percent) or 1 percentage point higher (6.56 percent) than the current rate:

	1% Decrease (4.56%)	Current Discount Rate (5.56%)	1% Increase (6.56%)
Net pension liability of the County	\$ 232,701,927	\$ 185,107,263	\$ 145,210,086

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

### Note 10 - Defined Contribution Pension Plan

The County offers a defined contribution pension plan as an alternative to the defined benefit pension plan. The International City Managers Association (ICMA) Retirement Corporation administers the plan, and the County Board of Commissioners has authority over plan provisions and contribution requirements. All employees are eligible to participate in this plan, if not participating in the defined benefit plan.

The County is required to contribute 8 percent to 10 percent of eligible employees' annual covered payroll, and employees are required to contribute either 3 percent or 7 percent of covered payroll. Employees are fully vested after five years of service. During the year ended September 30, 2016, employer and employee contributions to the plan were \$3,137,217 and \$1,842,171, respectively.

### Note 11 - Other Postemployment Benefits

**Plan Description** - Genesee County provides other postemployment benefits (medical, optical, dental, and life insurance) to County retirees who meet eligibility requirements. This is a single employer defined benefit plan administered by the County. The benefits are provided under collective bargaining agreements to union employees and by resolution of the County Board of Commissioners for employees not covered under collective bargaining agreements. The valuation for this benefit plan has been conducted in accordance with generally accepted actuarial principles and practices. Data concerning active members, retirees, and beneficiaries was provided by Genesee County. This plan does not issue separate stand-alone financial statements.

**Funding Policy** - The County performed an actuarial valuation of the other post-employment benefits liability for the year ended September 30, 2016. At that time, the liability was determined to be \$341,629,201 with the computed contribution as a percentage of payroll (based on 30-year amortization of the unfunded liability) to be 75.06 percent or \$18,883,352

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

Annual required contribution (recommended)	\$ 18,883,352
Interest on the prior year's net OPEB obligation	3,082,018
Less adjustment to the annual required contribution	<u>(2,591,191)</u>
Annual OPEB cost	19,374,179
Amounts contributed:	
Payments of current premiums	(7,468,726)
Advance funding	<u>-</u>
Increase in net OPEB obligation	11,905,453
OPEB obligation - Beginning of year	<u>51,366,964</u>
OPEB obligation - End of year	<u>\$ 63,272,417</u>

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 11 - Other Postemployment Benefits (Continued)

Employer contributions and annual OPEB cost data for the current and two preceding years were as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution	Annual OPEB Costs	Employer Contributions		Net OPEB Obligation
				Percentage of ARC Contributed	Percentage OPEB Costs Contributed	
9/30/16	9/30/16	\$ 18,883,352	\$ 19,374,179	39.5 %	38.5 %	\$ 63,272,417
9/30/15	9/30/14	19,066,021	19,449,474	43.1	42.2	51,366,964
9/30/14	9/30/14	19,066,021	19,347,040	45.2	44.6	40,129,879

The funding progress of the plan is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
9/30/16	\$ 32,821,620	\$ 341,629,201	\$ 308,807,581	9.6 %	\$ 25,157,676	1,227.5 %
9/30/14	41,485,721	344,160,043	302,674,322	12.1	33,343,864	907.7
9/30/13	43,313,587	308,208,023	264,894,436	14.1	36,987,137	716.2

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

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

# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 11 - Other Postemployment Benefits (Continued)

In the September 30, 2016 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 6 percent investment rate of return (net of expenses), which is the expected long-term investment return on plan assets, and an annual healthcare cost trend rate of 8 percent in year one, decreasing by 0.5 percent annually until year nine, and then remaining at 4 percent. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2016 was 30 years.

### Note 12 - Deferred Inflows/Outflows of Resources

At the end of the current fiscal year, the various components of deferred inflows of resources are as follows:

	Governmental Funds
Property taxes unavailable	\$ 4,461,368
Long-term receivable	1,620,000
Revenue in grant funds not collected in allotted time period	20,531,969
Total governmental funds deferred inflows	<u>\$ 26,613,337</u>

### Note 13 - Karegnondi Water Authority

Karegnondi Water Authority (KWA) was formed in 2013 for the purpose of constructing a new raw water supply system (the "System"). Effective August 1, 2013, the County entered into an agreement with KWA and the City of Flint (the "Agreement") to issue debt to acquire, construct, and operate the System, which is expected to be operational in 2016. The debt will not exceed \$300,000,000. The County's share of the debt is 65.8 percent or an amount not to exceed \$197,400,000, and the City of Flint's share of the debt is 34.2 percent or an amount not to exceed \$102,600,000. As of September 30, 2015, the KWA debt outstanding was as follows:

County's share	\$ 145,089,000
Flint's share	75,411,000
Total	<u>\$ 220,500,000</u>

The County and the City of Flint expect to make their respective payments of principal and interest on the bonds from revenue collected from charges imposed on the customers of their respective water supply systems. The County and the City of Flint have each pledged their limited tax full faith and credit for the payment of their respective bond obligations, and are obligated to levy ad valorem taxes on all taxable property within their boundaries for such purpose, subject to applicable constitutional, statutory, and charter tax limitations as to rate and amount.

### **Note 13 - Karegnondi Water Authority (Continued)**

If Flint fails to pay any of its obligations on the bonds, the County is obligated under its contract with KWA to make such payments within one day of being notified of Flint's failure to pay. If the County is required to make a payment for Flint under the Agreement and KWA recovers any funds from the pursuit of its remedies under its raw water supply contract with Flint, KWA shall reimburse the County from such funds for any payments made. Also, to the extent permitted by law, the capacity that Flint acquired in the System pursuant to its raw water supply contract shall be transferred to the County until Flint has repaid the County for any additional payments made by the County for each month or fraction thereof that the payments remain unpaid after the due date of the amount paid by the County as a result of Flint to fulfill its payment obligations under the Agreement.

KWA has retained the services of Water and Waste Services Division (the "Division") to administer the design and construction of the raw water supply system. In addition, it is expected that KWA will contract with the Division for operation and maintenance of the raw water supply system after the system is completed and operational. KWA has no employees of its own, with all current and future services expected to be rendered by the Division employees.

The Division has entered into certain contracts with the Authority as a local unit so as to acquire a supply of raw water. This raw water supply system is expected to come on line in 2016 and will allow the Division to cease purchasing finished water from the Detroit Water and Sewerage Department (DWSD), currently done so via contract with the City of Flint.

In August 2013, the Division entered into a Water Purchase Contract with KWA which provides the Division with 42 million gallons per day of capacity, out of a total KWA capacity of 60 million gallons per day. This arrangement in effect means the Division will provide KWA with 70 percent of its total operating revenue over the coming years.

The County is also a voting member of KWA. The County joined KWA in 2013 based on the expectation that the purchase of water for the County will be more economical in the future than continuing to purchase water from the DWSD.

Complete financial statements of KWA can be obtained from the Division's administrative office.



# Genesee County, Michigan

## Notes to Financial Statements September 30, 2016

### Note 14 - Nonexchange Financial Guarantees

In September 2016, the County guaranteed the 30-year, \$56,895,000 revenue bond issuance of the Water Treatment Facility (16-03) through the Genesee County Drain Commission Division of the Water and Waste Services, a legally separate district located within Genesee County. The bonds mature annually in December with annual interest payments. In the event that the Genesee County Drain Commission Division of the Water and Waste Services is unable to make a payment, the County will be required to make that payment. As of September 30, 2016, Genesee County Drain Commission Division of the Water and Waste Services expects to pay principal payments on bonds from revenue collected from charges imposed on the customers of the water supply system and no liability is reported on the County's financial statements.

### Note 15 - Pension and Employees' Fringe Benefit (VEBA) Trust Funds

	General Employees Retirement System	Employees' Fringe Benefit (VEBA)	Total
Statement of net position:			
Cash and investments	\$ 434,987,179	\$ 32,971,739	\$ 467,958,918
Other assets	1,788,961	376,872	2,165,833
Liabilities	<u>(13,589,911)</u>	<u>(1,671,559)</u>	<u>(15,261,470)</u>
Net position	<u>\$ 423,186,229</u>	<u>\$ 31,677,052</u>	<u>\$ 454,863,281</u>
Statement of changes in net position:			
Investment income	\$ 5,394,004	\$ 2,997,295	\$ 8,391,299
Contributions	19,663,430	8,850,809	28,514,239
Benefit payments	(44,528,193)	(15,652,058)	(60,180,251)
Other decreases	<u>(1,962,760)</u>	<u>(32,318)</u>	<u>(1,995,078)</u>
Change in net position	<u>\$ (21,433,519)</u>	<u>\$ (4,126,272)</u>	<u>\$ (25,559,791)</u>

### **Note 16 - Upcoming Accounting Pronouncements**

In June 2015, the GASB issued two new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, addresses reporting by OPEB plans whereas GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. In addition, the County will, after adoption of GASB Statement No. 75, recognize on the face of the financial statements its net OPEB liability. The County is currently evaluating the impact these standards will have on the financial statements when adopted. GASB Statement No. 74 is effective for fiscal years beginning after June 15, 2016, whereas GASB Statement No. 75 is effective one year later.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement will require governments to disclose in their financial statements information related to tax abatement agreements. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2017 fiscal year.

## NOTE 17 - COMPONENT UNIT DISCLOSURES

### Deposits and investments:

All of the County's component unit deposits and investments are governed by the following:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The County's component units are allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Road Commission has designated two banks for the deposit of its funds. The investment policy adopted by the board of each component unit is in accordance with Public Act 196 of 1997. All component unit deposits and investment policies are in accordance with statutory authority. The cash and investments of component units are subject to the same types of risks as detailed in Note 4. These risks are examined in more detail below:

Custodial credit risk of bank deposits - None of the component units have a deposit policy for custodial credit risk. At year end, the Road Commission had \$21,671,331 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Economic Development Corporation had \$464,165 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Water and Waste Services Division had \$21,510,502 of bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Drain Commission had no bank deposits (checking and high balance savings accounts) that were uninsured and uncollateralized. At year end, the Land Bank Authority had \$6,065,841 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. At year end, the Brownfield Authority did not have any bank deposits (checking and savings accounts) that were uninsured and uncollateralized. At year end, the Storm Water Management System had \$27,203 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. At year end, the Genesee Health System had \$22,660,803 of bank deposits (checking and savings accounts) that were uninsured and uncollateralized.

KWA (component unit of Water and Waste Services) had no bank deposits subject to custodial credit risk (uninsured and uncollateralized). There was \$70,101,994 of investment securities (held in repurchase agreements) that were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in KWA's name.

Interest rate risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Commission's investment policy does not restrict investment maturities, other than commercial paper which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

#### Genesee Health System:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than one year</u>
Mutual funds	\$1,054,281	\$1,054,281

#### Water and Waste:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than one year</u>
Repurchase agreement	\$70,101,994	\$70,101,994

#### Genesee County Road Commission:

<u>Investment</u>	<u>Fair Value</u>	<u>Less than one year</u>
U.S. government agency securities	\$5,709,109	\$5,709,109

Credit risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Commission has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

#### Genesee Health System:

<u>Investment</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Organization</u>
Mutual funds	\$1,054,281	AAAm	S&P

Concentration of credit risk - More than 68 percent of KWA's investments are in a repurchase agreement with Duetche Bank; these investments are 68 percent of KWA's total investments.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****ROAD COMMISSION:**

**Restricted Assets:** Cash and cash equivalents are restricted for escrow deposits in the amount of \$743,234 and for Priority Roads Investment Program of \$9,623,042. The Priority Roads Investment Program funds are monies received in advance of expenditures that are restricted for specific projects based on contract language. Therefore, they are reported as restricted assets and unearned revenue at year end.

**Long-term Debt:** The long-term debt for the Genesee County Road Commission is presented below:

	<b>Balance October 1, 2015</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2016</b>
MTF notes	\$ 4,215,000	\$	\$(1,595,000)	\$ 2,620,000
Recovery Zone Bond	<u>3,155,000</u>		<u>(600,000)</u>	<u>2,555,000</u>
Total notes and leases	<u>7,370,000</u>		<u>(2,195,000)</u>	<u>5,175,000</u>
Compensated absences	<u>1,122,711</u>	<u>492,118</u>	<u>(479,074)</u>	<u>1,135,775</u>
Total long-term debt	<u>\$ 8,492,711</u>	<u>\$ 492,118</u>	<u>\$(2,674,074)</u>	<u>\$ 6,310,775</u>

The outstanding bonds and notes payable at September 30, 2016, and matured interest thereon, are payable to the State of Michigan from the proceeds of state-collected taxes returned to the Road Commission as Act 51 monies. In the case of default, the state treasurer is authorized to withhold future disbursements of Act 51 monies due the Road Commission until the defaulted payments are recovered by the State.

For certain outstanding notes, special assessments have also been levied on specific properties abutting certain road improvements. The collection of the assessments has been pledged as additional security for the payment of the bonds. The detail of general obligation bonds and loans payable is shown below:

<b>Obligation Payables</b>	<b>Final Payment Due</b>	<b>Interest Rate or Range</b>	<b>Principal Payment or Range</b>	<b>Annual Outstanding Balance Sept. 30, 2016</b>	<b>Due Within One Year</b>
Michigan Transportation Fund notes:					
2006A Issue .....	August 1, 2016	4.00%	\$295,000		
2007 Issue .....	September 30, 2017	4.00	500,000-525,000	\$525,000	\$525,000
2008 Issue .....	August 1, 2018	3.75-4.00	460,000-515,000	1,000,000	485,000
2009 Issue .....	August 1, 2019	2.50-3.30	340,000-380,000	<u>1,095,000</u>	<u>350,000</u>
Total Notes .....				2,620,000	1,360,000
Recovery Zone Bond 2010 Issue .....	August 1, 2020	4.34	600,000-665,000	2,555,000	615,000
Compensated absences .....				<u>1,135,775</u>	<u>134,883</u>
				<u>\$6,310,775</u>	<u>\$2,109,883</u>

Annual requirements to pay principal and interest on the outstanding obligations at September 30, 2016 are as follows:

	<b>Long-term debt</b>
Year Ending 9-30-2017 .....	\$2,181,607
9-30-2018 .....	1,639,016
9-30-2019 .....	1,094,394
9-30-2020 .....	<u>693,861</u>
Amount representing interest .....	<u>(433,878)</u>
	<u>\$ 5,175,000</u>

Act 143, Public Acts of State 1943, provides that total bonds and notes outstanding under this Act cannot exceed 40% of the sum of the revenues derived from state collected taxes returned to the County for county road purposes for the last preceding five calendar years and not specifically allocated for other purposes. As of September 30, 2016, the Road Commission is within the statutory limit of Act 143.

**Future Revenues Pledged for Debt Payment:** The Road Commission Board has irrevocably appropriated and pledged the money received and to be received by the County from the Michigan Transportation Fund (the "Transportation Fund") for highway and road purposes pursuant to Act 51, Public Acts of Michigan, 1951, as amended ("Act 51") to the extent necessary to pay the above principal of and interest on the Michigan Transportation Notes. Proceeds from the bonds provided financing for the construction of the road projects. During the current year, Act 51 revenues were \$22,339,480 compared to the annual debt requirements of \$2,329,863.

**Property and Equipment:** The following table summarizes the changes in the components of the Road Commission's capital assets:

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)**

	Balance October 1, 2015	Adjustments	Additions	Disposals	Balance September 30, 2016
Capital assets not being depreciated:					
Land	\$ 478,816	\$ -	\$ -	\$ -	\$ 478,816
Construction in progress	361,413	(295,254)	1,051,248	(16,237)	1,101,170
Other nondepreciable assets	<u>1,210</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,210</u>
Subtotal	841,439	(295,254)	1,051,248	(16,237)	1,581,196
Capital assets being depreciated:					
Infrastructure - Roads	392,826,411	-	9,517,034	-	402,343,445
Infrastructure - Bridges	34,133,514	-	5,183,637	-	39,317,151
Buildings and improvements	10,752,623	321,315	848,219	-	11,922,157
Road equipment	28,184,605	-	1,438,121	(486,472)	29,136,254
Shop equipment	631,145	-	50,052	-	681,197
Office equipment	1,391,244	-	108,062	-	1,499,306
Engineering equipment	170,869	-	-	-	170,869
Land improvements	2,367,843	-	56,025	-	2,423,868
Yard and storage equipment	<u>605,038</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>605,041</u>
Subtotal	471,063,292	321,318	17,201,150	(486,472)	488,099,288
Accumulated depreciation:					
Infrastructure - Roads	247,161,473	-	13,426,660	-	260,588,133
Infrastructure - Bridges	10,048,701	-	1,015,403	-	11,064,104
Buildings and improvements	7,483,341	-	480,805	-	7,964,146
Road equipment	22,353,166	-	2,018,110	(476,646)	23,894,630
Shop equipment	433,019	-	30,634	-	463,653
Office equipment	1,133,008	-	132,433	-	1,265,441
Engineering equipment	102,472	-	9,448	-	111,920
Land improvements	882,176	-	118,442	-	1,000,618
Yard and storage equipment	<u>528,961</u>	<u>-</u>	<u>10,607</u>	<u>-</u>	<u>539,568</u>
Subtotal	<u>290,126,317</u>	<u>-</u>	<u>17,242,542</u>	<u>(476,646)</u>	<u>306,892,213</u>
Net capital assets being depreciated	<u>180,936,975</u>	<u>321,318</u>	<u>(41,392)</u>	<u>(9,826)</u>	<u>181,207,075</u>
Net capital assets	<u>\$ 181,778,414</u>	<u>\$ 26,064</u>	<u>\$ 1,009,856</u>	<u>\$ (26,063)</u>	<u>\$ 182,788,271</u>

**DEFINED BENEFIT PENSION PLAN -****PLAN DESCRIPTION**

The Road Commission participates in an agent multiple-employer defined benefit pension plan (Genesee County Employees Retirement System, also known as GCERS). The complete plan description is included in Note 9.

**BENEFITS PROVIDED**

The provided benefits are included in Note 9.

**EMPLOYEES COVERED BY BENEFIT TERMS**

At the December 31, 2015 measurement date, the following Road Commission employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	207
Inactive plan members entitled to but not yet receiving benefits	6
Active plan members	<u>132</u>
Total employees covered by GCERS	<u>345</u>

**CONTRIBUTION REQUIREMENTS**

Details of contribution requirements are included in Note 9.

For the year ended September 30, 2016, the Road Commission's actuarially determined contribution rate was 23.79% of annual covered payroll. Road Commission employees are required to contribute 1% to 6% of their annual covered payroll.

**NET PENSION LIABILITY**

The net pension liability reported at September 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)**

Changes in the net pension liability during the year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2014</b>	\$ 81,821,659	\$ 57,755,737	\$ 24,065,922
Service cost	1,111,576	-	1,111,576
Interest	5,486,784	-	5,486,784
Differences between expected and actual experience	(3,291,283)	-	(3,291,283)
Changes in assumptions	14,468,705	-	14,468,705
Contributions - Employer	-	1,892,843	(1,892,843)
Contributions - Employee	-	301,510	(301,510)
Net investment income	-	697,985	(697,985)
Benefit payments	(5,735,010)	(5,735,010)	-
Administrative expenses	-	(62,232)	62,232
Miscellaneous other charges	239,827	-	239,827
Net changes	12,280,599	(2,904,904)	15,185,503
<b>Balance at December 31, 2015</b>	<u>\$ 94,102,258</u>	<u>\$ 54,850,833</u>	<u>\$ 39,251,425</u>

**PENSION EXPENSE AND DEFERRED OUTFLOWS of RESOURCES RELATED TO PENSIONS**

During the year the Road Commission recognized pension expense of \$9,399,409. At September 30, 2016, the Road Commission 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	\$ 4,885,121	\$ (2,619,593)
Changes in assumptions	14,642,304	-
Net difference between projected and actual earnings on pension plan investments	2,864,705	-
Employer contributions to the plan subsequent to the measurement date	1,390,554	-
Total	<u>\$ 23,782,684</u>	<u>\$ (2,619,593)</u>

The amounts reported as deferred outflows of resources related to pensions, excluding the employer contributions to the plan made subsequent to the measurement date of \$1,390,554, will be recognized as pension expense as follows:

Year Ending September 30	Amount
2017	\$ 5,887,153
2018	5,887,153
2019	5,314,902
2020	2,683,329

The amount reported as deferred outflows of resources related to employer contributions to the plan made subsequent to the measurement date of \$1,390,554 will impact the net pension liability in fiscal year 2016/2017, as opposed to being amortized to pension expense over a period of years.

**ACTUARIAL ASSUMPTIONS**

Details of actuarial assumptions are included in Note 9.

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the Road Commission's net pension liability, calculated using the discount rate of 5.56%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.56%) or 1% higher (6.56%) than the current rate:

	1 Percent Decrease (4.56%)	Current Discount Rate (5.56%)	1 Percent Increase (6.56%)
Net pension liability of the Road Commission	\$ 50,412,636	\$ 39,251,425	\$ 29,812,926

**PENSION PLAN FIDUCIARY NET POSITION**

Details of the pension plan fiduciary net position are included in Note 9.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****POSTEMPLOYMENT BENEFITS -****PLAN DESCRIPTION**

The Road Commission provides retiree healthcare benefits to eligible employees and their spouses. This is a single employer defined benefit plan administered by the Road Commission. The benefits are provided under collective bargaining agreements.

**FUND POLICY**

The collective bargaining agreements require the Road Commission to pay the insurance premium/claim costs of the retiree and spouse until death. The Commission obtains healthcare coverage for retirees through private insurers. Upon eligibility for Medicare, the Road Commission will pay the difference between the plan costs and the amount covered by Medicare. The Road Commission has no obligation to make contributions in advance of when the insurance premiums or claims are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).

**FUNDING PROGRESS**

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

	Fiscal year Ended September 30		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual OPEB Costs	\$ 2,825,004	\$ 2,659,054	\$ 2,271,553
Percentage contributed	181%	200%	193%
Net OPEB obligation (asset)	\$ (2,320,297)	\$ (4,615,654)	\$ (6,725,058)

The funding progress of the plan as of the most recent valuation date is as follows:

	Fiscal year Ended September 30		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Unfunded AAL	\$ (42,584,913)	\$ (23,953,496)	\$ (16,668,489)
Actuarial value of plan assets	14,074,339	24,519,778	30,753,116
Actuarial accrued liability	56,659,252	48,473,274	47,421,405
Funded	25%	51%	65%
Annual covered payroll - September 30	8,713,876	8,866,075	8,346,912
Ratio of UAAL to covered payroll	-489%	-270%	-200%

	Fiscal year Ended September 30		
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual required contribution (recommended)	\$ 2,824,458	\$ 2,633,346	\$ 2,213,323
Interest on the prior year's net OPEB obligation	(4,208)	(174,022)	(346,174)
Less adjustment to the annual required contribution	4,754	199,730	404,404
Annual OPEB cost	2,825,004	2,659,054	2,271,553
Amount contributed:			
Payments of current premiums	(2,089,177)	(3,031,334)	(2,380,957)
Advance funding	(3,000,000)	(1,923,077)	(2,000,000)
Decrease in net OPEB obligation	(2,264,173)	(2,295,357)	(2,109,404)
OPEB obligation – beginning of year	(56,124)	(2,320,297)	(4,615,654)
OPEB obligation (asset) – end of year	\$ (2,320,297)	\$ (4,615,654)	\$ (6,725,058)

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

## NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)

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

In the September 30, 2016, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 4.5 percent after ten years. Both rates included a 4.5 percent inflation assumption. At the point in time that the Road Commission begins funding the plan, the actuarial value of assets will be determined using techniques that spread the effects of short-term volatility in the market value of investments over a multiple-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2016 was 22 years.

### WATER AND WASTE SERVICES:

**Restricted Assets:** The restricted assets are restricted for the following purposes:

	<u>Enterprise Fund</u>	<u>Component Unit - KWA</u>
Unspent bond proceeds and related interest	\$ 44,209,713	\$ 75,364,068
County deposits	100,000	800,000
General obligation bond restrictions:		
Debt reserve	-	15,735,330
Debt retirement	530,263	16,691,231
Total restricted assets	<u>\$ 44,839,976</u>	<u>\$ 108,590,629</u>

Total restricted cash in the Water Supply System Fund of \$44,209,713 related to unspent bond proceeds. Restricted cash of \$530,263 in District No. 3 related to restriction by bond ordinance. The liabilities payable from restricted assets include construction accounts payable in the amount of \$3,365,605, which will be paid from the unspent bond proceeds, and accrued interest payable of \$36,929, which will be paid from the restricted cash for bond ordinances.

KWA's bond indenture required amounts to be set aside in a construction account and a debt service reserve. These amounts have been classified as restricted assets, as well as amounts on deposit at the County being held for the construction or debt service of KWA water lines.

**Long-term Debt:** The summary of long-term debt transactions for the Water and Waste Services for the year ended December 31, 2015 is presented below:

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
1.625% to 5.00% Interceptor and treatment facilities	\$ 88,286,023	\$ (6,990,000)	\$ 81,296,023	\$ 6,835,000
2.50% to 4.50% District No. 3	12,400,000	(2,280,000)	10,120,000	2,345,000
2.50% to 5.375% Water supply system	70,384,265	58,411,741	128,796,006	2,315,000
Subtotal	171,070,288	49,141,741	220,212,029	11,495,000
Unamortized note premium	2,325,738	2,247,124	4,572,862	193,989
	<u>\$ 173,396,026</u>	<u>\$ 51,388,865</u>	<u>\$ 224,784,891</u>	<u>\$ 11,688,989</u>

### Component Unit - KWA

	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds	\$ 220,500,000	\$ -	\$ 220,500,000	\$ -
Capital lease	35,000,000	-	35,000,000	-
Subtotal	255,500,000	-	255,500,000	-
Unamortized note premium	11,421,693	(393,852)	11,027,841	393,851
	<u>\$ 266,921,693</u>	<u>\$ (393,852)</u>	<u>\$ 266,527,841</u>	<u>\$ 393,851</u>



**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)**

The annual requirements to pay principal and interest on the outstanding obligations for Water and Waste Services at December 31, 2015 are as follows:

<u>Business-type Activities</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 11,495,000	\$ 8,410,579	\$ 19,905,579
2017	10,745,000	8,088,126	18,833,126
2018	10,595,000	7,759,437	18,354,437
2019	10,330,000	7,413,738	17,743,738
2020	9,430,000	7,090,506	16,520,506
2021 - 2025	52,480,000	30,277,703	82,757,703
2026 - 2030	44,121,023	20,838,935	64,959,958
2031 - 2035	25,981,006	12,611,132	38,592,138
2036 - 2040	22,715,000	7,486,225	30,201,225
2041 - 2045	22,320,000	2,302,600	24,622,600
Total	<u>\$ 220,212,029</u>	<u>\$ 112,278,981</u>	<u>\$ 332,491,010</u>

<u>Component Unit Activities - KWA</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 11,127,488	\$ 11,127,488
2017	2,052,500	11,127,488	13,179,988
2018	4,190,000	11,044,863	15,234,863
2019	4,375,000	10,861,863	15,236,863
2020	4,565,000	10,669,613	15,234,613
2021 - 2025	26,130,000	50,045,440	76,175,440
2026 - 2030	33,342,500	42,833,071	76,175,571
2031 - 2035	42,925,000	33,249,638	76,174,638
2036 - 2040	55,177,500	21,000,470	76,177,970
2041 - 2045	47,742,500	5,582,007	53,324,507
Total	<u>\$ 220,500,000</u>	<u>\$ 207,541,941</u>	<u>\$ 428,041,941</u>

**Future Revenues Pledged for Debt Payment:** The Water and Waste Services Division has pledged substantially all revenue of the Water and Sewer Fund, net of operating expenses, to repay the above Genesee County Drain Commissioner water and sewer revenue bonds. Proceeds from the bonds provided financing for the construction of the water and waste systems described above. The bonds are payable solely from the net revenues of the water and sewer system. The remaining principal and interest to be paid on the bonds total \$262,389,100. For the year ended December 31, 2015, net revenues of the system were \$19,814,789 compared to the annual debt requirements of \$10,576,686.

Karegnondi Water Authority - See Note 13

**Related Party:** During fiscal year 2013, the Karegnondi Water Authority (the "Authority") was formed. The Authority has retained the services of the Division to administer the design and construction of the raw water supply system. In addition, it is expected that the Authority will contract with the Division for operation and maintenance of the raw water supply system after the system is completed and operational. The Authority has no employees of its own, with all current and future services expected to be rendered by Division employees.

The Division has entered into certain contracts with the Authority as a local unit so as to acquire a supply of raw water. This new raw water supply system is expected to be utilized by the Division in late 2017, at which time the Division will cease purchasing finished water from the Detroit Water and Sewerage Department.

In August 2013, the Division entered into a Water Purchase Contract with the Authority which provides the Division with 42 MGD of capacity, out of a total Authority capacity of 60 MGD. This arrangement in effect means the Division will provide the Authority with 70 percent of its total operating revenue over the coming years. In addition, the Division has entered into a Financing Contract with the Authority which obligates the Division to pay to the Authority approximately 65.8 percent of the Authority's debt service. A copy of the Financing Contract can be viewed in the Authority's Official Statement.

In the previous year, the Division recorded a lease receivable related to the Division's \$35 million bond issuance in 2013 for construction of an intake facility and two pump stations. Recording of the receivable was a result of modification of a supply contract with KWA in April 2014, effectively stating the Division is to turn over title to the aforementioned facilities to KWA upon redemption of the bonds. Based on contract terms, GASB Statement No. 62, paragraph 213 requires KWA to treat facilities as a capital lease and record as construction in progress the cost of land and other construction costs previously incurred by the Division. The Division reports a lease receivable and KWA reports long-term debt.

# **NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)**

The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded as a present value of the future minimum lease payments as of the inception date. The future minimum lease obligations (for KWA) and the net present value are as follows:

2017 .....	\$2,527,188
2018 .....	2,527,588
2019 .....	2,526,588
2020 .....	2,527,188
2021 .....	2,527,437
2022-2026 .....	12,637,937
2027-2031 .....	12,635,288
2032-2036 .....	12,636,112
2037-2041 .....	<u>12,638,928</u>
Total .....	<u>63,184,254</u>
Less amount representing interest.....	<u>(28,184,254)</u>
Present value .....	<u>\$35,000,000</u>

**Capital Assets** - The summary of capital assets for Water and Waste Services at December 31, 2015 is displayed below:

	Balance January 1, 2015	Additions	Disposals	Balance December 31, 2015
Enterprise Fund:				
Capital assets not being depreciated:				
Land	\$ 2,313,197	\$ -	\$ -	\$ 2,313,197
Construction in progress	<u>2,110,379</u>	<u>20,380,441</u>	<u>(339,164)</u>	<u>22,151,656</u>
Subtotal	4,423,576	20,380,441	(339,164)	24,464,853
Capital assets being depreciated:				
Distribution and collections system	366,642,152	-	-	366,642,152
Buildings and equipment	13,328,591	164,169	(21,178)	13,471,582
Vehicles	<u>817,092</u>	<u>94,955</u>	<u>-</u>	<u>912,047</u>
Subtotal	380,787,835	259,124	(21,178)	381,025,781
Accumulated depreciation:				
Distribution and collections system	(70,191,375)	(7,749,765)	-	(77,941,140)
Buildings and equipment	(4,962,091)	(610,948)	21,178	(5,551,861)
Vehicles	<u>(560,129)</u>	<u>(75,099)</u>	<u>-</u>	<u>(635,228)</u>
Subtotal	<u>(75,713,595)</u>	<u>(8,435,812)</u>	<u>21,178</u>	<u>(84,128,229)</u>
Net capital assets being depreciated	<u>305,074,240</u>	<u>(8,176,688)</u>	<u>-</u>	<u>296,897,552</u>
Net capital assets	<u>\$ 309,497,816</u>	<u>\$ 12,203,753</u>	<u>\$ (339,164)</u>	<u>\$ 321,362,405</u>
Internal Service Fund:				
Capital assets being depreciated - Buildings and equipment	\$ 8,737,922	\$ 146,216	\$ (38,268)	\$ 8,845,870
Accumulated depreciation - Buildings and improvements	<u>(6,464,875)</u>	<u>(437,682)</u>	<u>38,268</u>	<u>(6,864,289)</u>
Net capital assets	<u>\$ 2,273,047</u>	<u>\$ (291,466)</u>	<u>\$ -</u>	<u>\$ 1,981,581</u>
Total proprietary funds capital assets	<u>\$ 311,770,863</u>	<u>\$ 11,912,287</u>	<u>\$ (339,164)</u>	<u>\$ 323,343,986</u>
	Balance January 1, 2015	Additions	Disposals	Balance December 31, 2015
Component unit - KWA - Capital assets not being depreciated - Construction in progress	<u>\$ 60,169,807</u>	<u>\$ 121,226,000</u>	<u>\$ -</u>	<u>\$ 181,395,807</u>

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)**

**Construction Commitments** - The Water and Waste Division has active construction projects at year end. The projects include improvements and extensions to the water and sewage disposal systems. At year end, the Division's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water supply system.....	<u>\$ 47,636,756</u>	<u>\$ 76,381,539</u>

KWA had the water pipeline project in progress during the year. At year end, KWA's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water pipeline project .....	<u>\$112,501,017</u>	<u>\$132,588,701</u>

**DEFINED BENEFIT PENSION PLAN -****PLAN DESCRIPTION**

The Water and Waste Division participates in an agent multiple-employer defined benefit pension plan (Genesee County Employees Retirement System, also known as GCERS). The complete plan description is included in Note 9.

**BENEFITS PROVIDED**

The provided benefits are included in Note 9.

**EMPLOYEES COVERED BY BENEFIT TERMS**

At the December 31, 2014 measurement date, the following Water and Waste Division employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	97
Inactive plan members entitled to but not yet receiving benefits	7
Active plan members	<u>126</u>
Total employees covered by GCERS	<u>230</u>

**CONTRIBUTION REQUIREMENTS**

Details of contribution requirements are included in Note 9.

For the year ended September 30, 2016, the Water and Waste Division's actuarially determined contribution rate was 20.34% of annual covered payroll. The Water and Waste Division employees are required to contribute 5% to 7% of their annual covered payroll.

**NET PENSION LIABILITY**

The net pension liability reported at September 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date. Changes in the net pension liability during the year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2013</b>	\$ 58,052,464	\$ 40,526,962	\$ 17,525,502
Service cost	792,297	-	792,297
Interest	3,903,244	-	3,903,244
Differences between expected and actual experience	(1,552,139)	-	(1,552,139)
Changes in assumptions	1,720,622	-	1,720,622
Contributions - Employer	-	1,434,116	(1,434,116)
Contributions - Employee	-	491,212	(491,212)
Net investment income	-	2,799,943	(2,799,943)
Benefit payments, including refunds	(3,430,840)	(3,430,840)	-
Administrative expenses	-	(45,417)	45,417
Net changes	<u>1,433,184</u>	<u>1,249,014</u>	<u>184,170</u>
<b>Balance at December 31, 2014</b>	<u>\$ 59,485,648</u>	<u>\$ 41,775,976</u>	<u>\$ 17,709,672</u>

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****PENSION EXPENSE AND DEFERRED OUTFLOWS of RESOURCES RELATED TO PENSIONS**

During the year, the Water and Waste Division recognized pension expense of \$1,527,326. At December 31, 2015, the Water and Waste Division 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	\$ -	\$ (1,316,966)
Changes in assumptions	1,459,922	-
Net difference between projected and actual earnings on pension plan investments	-	(52,032)
Employer contributions to the plan subsequent to the measurement date	1,608,830	-
Total	<u>\$ 3,068,752</u>	<u>\$ (1,368,998)</u>

The amounts reported as deferred outflows of resources related to pensions, excluding the employer contributions to the plan made subsequent to the measurement date of \$1,608,830, will be recognized as pension expense as follows:

Year Ending December 31	Amount
2016	\$ 12,520
2017	12,520
2018	12,520
2019	12,520
2020	25,528
Thereafter	15,316

The amount reported as deferred outflows of resources related to employer contributions to the plan made subsequent to the measurement date of \$1,608,830 will impact the net pension liability in fiscal year 2016, as opposed to being amortized to pension expense over a period of years.

**ACTUARIAL ASSUMPTIONS**

Details of actuarial assumptions are included in Note 9.

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the Water and Waste Division's net pension liability, calculated using the discount rate of 6.88%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (5.88%) or 1% higher (7.88%) than the current rate:

	1 Percent Decrease (5.88%)	Current Discount Rate (6.88%)	1 Percent Increase (7.88%)
Net pension liability of the Water and Waste Division	\$ 24,141,152	\$ 17,709,672	\$ 12,247,277

**POST-EMPLOYMENT BENEFITS -****PLAN DESCRIPTION**

The Water and Waste Services Division provides retiree healthcare, dental, life, and vision benefits to eligible employees and their spouses through the Municipal Employees' Retirement System. This is an agent multiple employer defined benefit plan administered by the Division. The benefits are provided under collective bargaining agreements.

**FUND POLICY**

The collective bargaining agreements do not require employee contributions. The Division has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). However, as shown below, the Division has made contributions to advance-fund these benefits, as determined by the Division.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****FUNDING PROGRESS**

For the year ended December 31, 2015, the Division has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2015. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. This valuation's computed contribution and actual funding are summarized as follows:

	Fiscal year Ended December 31		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual required contribution (recommended)	\$ 2,523,914	\$ 3,554,246	\$ 2,715,562
Interest on the prior year's net OPEB obligation	283,120	311,824	389,441
Less adjustment to the annual required contribution	<u>(83,122)</u>	<u>(127,980)</u>	<u>(127,867)</u>
Annual OPEB cost	2,723,912	3,738,090	2,977,136
Amount contributed:			
Payments of current premiums	(1,442,340)	(1,522,617)	(1,506,763)
Advance funding	<u>(1,760,568)</u>	<u>(2,220,000)</u>	<u>(1,500,000)</u>
Decrease in net OPEB obligation	(478,996)	(4,527)	(29,627)
OPEB obligation – beginning of year	<u>5,676,066</u>	<u>5,197,070</u>	<u>5,192,543</u>
OPEB obligation (asset) – end of year	<u>\$ 5,197,070</u>	<u>\$ 5,192,543</u>	<u>\$ 5,162,916</u>

	Fiscal year Ended December 31		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Annual OPEB costs	\$ 2,723,912	\$ 3,738,090	\$ 2,977,136
Percentage contributed	118%	100%	101%
Net OPEB obligation (asset)	\$ 5,197,070	\$ 5,192,543	\$ 5,162,916

The funding progress of the plan as of the most recent valuation date is as follows:

	Fiscal year Ended December 31		
	<u>2013</u>	<u>2014</u>	<u>2015</u>
Unfunded AAL	\$ 35,486,607	\$ 48,045,278	\$ 32,664,986
Actuarial value of plan assets	2,333,369	4,580,978	9,101,281
Actuarial accrued liability	37,819,976	52,626,256	41,766,267
Funded	6%	9%	22%
Annual covered payroll - September 30	\$ 7,312,770	\$ 7,092,691	\$ 8,163,418
Ratio of UAAL to covered payroll	485%	677%	400%

**ACTUARIAL METHOD AND ASSUMPTIONS**

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

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

In the December 31, 2015 actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 7.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0 percent. The UAAL is being amortized as a level percentage of projected payroll over 30 years on an open basis.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****DRAIN COMMISSION:**

The summary of long-term debt transactions for the Drain funds for the year ended September 30, 2016 is presented below:

	<u>Balance Oct. 1, 2015</u>	<u>Additions (Reductions)</u>	<u>Balance Sept. 30, 2016</u>	<u>Due in One Year</u>
Citizens Bank .....	\$ 50,000	\$(50,000)	\$ -	\$ -
3.69% to 6.85% Genesee County Special Assessment debt with governmental commitment.....	523,558	542,717 (149,519)	916,756	158,392
3.25% to 5.00% Genesee County Special Assessment debt with governmental commitment.....	-	1,100,000 (800,000)	300,000	60,000
4.0 to 4.25% Genesee County Drainage District #408 Series 2006 Bonds.....	125,000	(125,000)	-	-
2.0% to 3.15% Genesee County Drainage District Bonds #0017 Series 2011 Bonds.....	<u>1,685,000</u>	<u>(240,000)</u>	<u>1,445,000</u>	<u>240,000</u>
	<u>\$2,383,558</u>	<u>\$278,198</u>	<u>\$ 2,661,756</u>	<u>\$ 458,392</u>

The annual requirements to pay principal and interest on the outstanding obligations for the Drain funds at September 30, 2016 are as follows:

2017 .....	\$434,516
2018 .....	493,710
2019 .....	527,044
2020 .....	517,485
2021 .....	440,120
2022-2023 .....	<u>436,858</u>
	2,849,731
Amount representing interest .....	<u>(187,975)</u>
	<u>\$ 2,661,756</u>

The following is a summary of capital assets for the Drain fund at September 30, 2016:

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Sept. 30, 2016</u>
Capital assets not being depreciated:				
Land .....	168,890	-	-	168,890
Construction in Progress .....	<u>155,036</u>	<u>-</u>	<u>-</u>	<u>155,036</u>
Subtotal.....	<u>323,926</u>	<u>-</u>	<u>-</u>	<u>323,926</u>
Capital assets being depreciated:				
Equipment .....	\$1,554,448	\$ 48,246	\$ (22,237)	\$ 1,580,457
Infrastructure .....	26,880,474	-	-	26,880,474
Drain System Retrospective .....	<u>29,446,441</u>	<u>-</u>	<u>-</u>	<u>29,446,441</u>
Subtotal.....	<u>57,881,363</u>	<u>48,246</u>	<u>22,237</u>	<u>57,907,372</u>
Less Allowance for Depreciation...				
Equipment .....	(1,279,027)	(70,664)	22,237	(1,327,454)
Infrastructure .....	(17,301,414)	(990,978)	-	(18,292,392)
Drain System Retrospective .....	<u>(20,131,888)</u>	<u>(1,163,322)</u>	<u>-</u>	<u>(21,295,210)</u>
Subtotal.....	<u>(38,712,329)</u>	<u>(2,224,965)</u>	<u>22,237</u>	<u>(40,915,056)</u>
Net capital assets being depreciated	<u>19,169,034</u>	<u>(2,176,719)</u>	<u>-</u>	<u>16,992,316</u>
Total Capital Assets				
Net of depreciation .....	<u>\$19,492,960</u>	<u>\$ (2,176,718)</u>	<u>\$ -</u>	<u>\$ 17,316,242</u>

During 2006, the Drain Commission complied with the provisions of GASB Statement 34 relative to the retroactive adjustment to capitalize infrastructure back to 1980.

**LAND BANK AUTHORITY:**

The summary of long-term debt transactions for the Genesee County Land Bank Authority for the year ended September 30, 2016 is presented below:

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance Sept. 30, 2016</u>	<u>Due In One Year</u>
GCLB-Berridge Place, LLC LISC note payable...	\$ 789,487	\$ -	\$ (139,611)	\$ 649,876	\$ 148,757
Bond payable – Land Bank Center .....	<u>1,670,000</u>	<u>-</u>	<u>(50,000)</u>	<u>1,620,000</u>	<u>55,000</u>
Total note/ leases .....	<u>2,459,487</u>	<u>-</u>	<u>(189,611)</u>	<u>2,269,876</u>	<u>203,757</u>
Compensated absences .....	<u>45,301</u>	<u>98,798</u>	<u>(94,593)</u>	<u>49,506</u>	<u>49,506</u>
Total long-term.....	<u>\$ 2,504,788</u>	<u>\$ 98,798</u>	<u>\$ (284,204)</u>	<u>\$ 2,319,382</u>	<u>\$ 253,263</u>

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)**

Years Ending September 30	Principal	Interest	Total
2017.....	\$ 55,000	\$ 91,568	\$ 146,568
2018.....	55,000	88,598	143,598
2019.....	60,000	85,628	145,628
2020.....	60,000	82,388	142,388
2021.....	65,000	79,017	144,017
2022-2026.....	400,000	334,527	734,527
2027-2031.....	530,000	206,465	736,465
2032-2034.....	395,000	45,642	440,642
Total	<u>\$ 1,620,000</u>	<u>\$ 1,013,833</u>	<u>\$ 2,633,833</u>

The annual requirements to pay principal and interest on the above note obligation at September 30, 2016, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016 .....	\$148,757	\$33,956	\$182,713
2017 .....	157,931	24,854	182,785
2018 .....	167,672	15,191	182,863
2019 .....	<u>175,516</u>	<u>4,933</u>	<u>180,449</u>
Total .....	<u>\$649,876</u>	<u>\$78,934</u>	<u>\$728,810</u>

The line of credit is capped at \$3,000,000. The County has pledged its limited tax full faith and credit on the line and is obligated to levy ad valorem taxes on all taxable property within its boundaries for such purpose, subject to applicable constitutional, statutory and charter limitations as to rate and amount.

The following is a summary of capital assets for the Genesee County Land Bank Authority at September 30, 2016:

	<u>Balance Oct. 1, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance Sept. 30, 2016</u>
Capital assets not being depreciated:				
Land .....	\$ 84,308	\$ -	\$ -	\$ 84,308
Capital assets being depreciated:				
Buildings and improvements.....	3,984,388	1,858	(144,014)	3,842,232
Machinery and equipment .....	197,022	-	-	197,022
Office equipment .....	136,581	35,031	-	171,612
Vehicles.....	<u>188,036</u>	<u>21,977</u>	-	<u>210,013</u>
Subtotal.....	<u>4,506,027</u>	<u>58,866</u>	<u>(144,014)</u>	<u>4,420,879</u>
Less Accumulated depreciation:				
Buildings and improvements.....	(939,273)	(122,879)	144,014	(918,138)
Maintenance and equipment.....	(161,216)	(14,695)	-	(175,911)
Office equipment .....	(117,405)	(11,232)	-	(128,637)
Vehicles.....	<u>(168,141)</u>	<u>(15,579)</u>	-	<u>(183,720)</u>
Subtotal.....	<u>(1,386,035)</u>	<u>(164,385)</u>	<u>144,014</u>	<u>(1,406,406)</u>
Net capital assets being depreciated.....	<u>3,119,992</u>	<u>(105,519)</u>	-	<u>3,014,473</u>
Total capital assets – Net of depreciation	<u>\$ 3,204,300</u>	<u>\$ (105,519)</u>	<u>\$ -</u>	<u>\$ 3,098,781</u>

The Authority's 1 percent ownership interest in 607 East Second Avenue, LLC (LLC) is accounted for in the statement of net position as an equity investment. 607 East Second Avenue, LLC was created to account for the redevelopment of the old Durant Hotel. The total projected cost of the development was approximately \$35,590,000, with a total contribution of \$18,380,819 from the Authority. The Authority's capital contributions sources were from grants, Brownfield TIF bonds, and sale of state historic and state Brownfield tax credits. The Authority has recorded a loss on impairment of the fair value of its investment below cost in the amount of \$16,441,819 to bring the investment balance to \$1,939,000. As of September 30, 2016, the investment balance in 607 East Second Avenue, LLC remained unchanged.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****BROWNFIELD AUTHORITY:**

The summary of long-term debt transactions for the Genesee County Brownfield Authority for the year ended September 30, 2016 is presented below:

	<b>Balance Oct. 1, 2015</b>	<b>Additions</b>	<b>(Reductions)</b>	<b>Balance Sept. 30, 2016</b>	<b>Due In One Year</b>
Unamortized note premium .....	\$ 371,594	-	(\$ 35,390)	\$ 336,204	\$17,695
3.0% to 5.0% Genesee County Brownfield Authority Series 2005 Tax Increment Bonds, Subject to redemption prior to maturity.....	<u>11,835,000</u>	<u>          </u>	<u>(295,000)</u>	<u>11,540,000</u>	<u>320,000</u>
Total ....	<u>\$ 12,206,594</u>	<u>\$           </u>	<u>(\$ 330,390)</u>	<u>\$11,876,204</u>	<u>\$337,695</u>

The annual requirements to pay principal and interest on the outstanding obligations at September 30, 2016, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2017 .....	\$320,000	\$554,200	\$874,200
2018 .....	340,000	540,575	880,575
2019 .....	360,000	525,700	885,700
2020 .....	385,000	510,350	895,350
2021 .....	410,000	494,450	904,450
2022-2026 .....	2,525,000	2,132,645	4,657,645
2027-2031 .....	3,505,000	1,383,875	4,888,875
2032-2036 .....	<u>3,695,000</u>	<u>383,625</u>	<u>4,078,625</u>
Total .....	<u>\$ 11,540,000</u>	<u>\$ 6,525,420</u>	<u>\$ 18,065,420</u>

**GENESEE HEALTH SYSTEM:**

**Property and Equipment:** The following table summarizes the changes in the components of the Genesee Health Systems capital assets:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets being depreciated:				
Building improvements.....	\$4,418,431	\$189,278	\$ -	\$4,607,709
Vehicles and equipment.....	<u>3,549,544</u>	<u>963,584</u>	<u>(80,965)</u>	<u>4,432,163</u>
Subtotal .....	<u>7,967,975</u>	<u>1,152,862</u>	<u>(80,965)</u>	<u>9,039,872</u>
Less accumulated depreciation for:				
Building improvements.....	1,173,532)	(297,061)		(1,470,593)
Vehicles and equipment.....	<u>(1,755,746)</u>	<u>(275,211)</u>	<u>80,965</u>	<u>(1,949,992)</u>
Subtotal .....	<u>(2,929,278)</u>	<u>(572,272)</u>	<u>80,965</u>	<u>(3,420,585)</u>
Total capital assets, net of depreciation .....	<u>\$ 5,038,697</u>	<u>\$ 580,590</u>	<u>\$ -</u>	<u>\$5,619,287</u>

**DEFINED BENEFIT PENSION PLAN -****PLAN DESCRIPTION**

The Genesee Health System participates in an agent multiple-employer defined benefit pension plan (Genesee County Employees Retirement System, also known as GCERS). The complete plan description is included in Note 9.

**BENEFITS PROVIDED**

The provided benefits are included in Note 9.

**EMPLOYEES COVERED BY BENEFIT TERMS**

At the December 31, 2015 measurement date, the following Genesee Health System employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	314
Inactive plan members entitled to but not yet receiving benefits	28
Active plan members	<u>160</u>
Total employees covered by GCERS	<u>502</u>

**CONTRIBUTION REQUIREMENTS**

Details of contribution requirements are included in Note 9.

For the year ended September 30, 2016, the Genesee Health System's actuarially determined contribution rate was 38.64% of annual covered payroll. Eligible Genesee Health System employees are required to contribute 5% of their annual covered payroll.



**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****NET PENSION LIABILITY**

The net pension liability reported at September 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date. Changes in the net pension liability during the year were as follows:

Changes in Net Pension Liability	Increase (Decrease)		Net Pension Liability
	Total Pension Liability	Plan Net Position	
Balance at December 31, 2014	\$117,176,852	\$84,343,060	\$32,833,792
Service cost	1,269,466	-	1,269,466
Interest	7,830,710	-	7,830,710
Differences between actual and expected experience			
	1,507,736	-	1,507,736
Changes in assumptions	20,976,139	-	20,976,139
Employer contributions	-	4,037,724	(4,037,724)
Employee contributions	-	503,823	(503,823)
Net investment income	-	1,043,740	(1,043,740)
Benefit payments	(7,307,322)	(7,307,322)	-
Rollover to other pension	(678,965)	(678,965)	-
Administrative expenses	-	(93,060)	93,060
Net changes	<u>23,597,764</u>	<u>(2494,060)</u>	<u>26,091,824</u>
Balance at December 31, 2015	<u>\$140,774,616</u>	<u>\$81,849,000</u>	<u>\$58,925,616</u>

**PENSION EXPENSE AND DEFERRED OUTFLOWS of RESOURCES RELATED TO PENSIONS**

During the year the Genesee Health Systems recognized pension expense of \$13,844,154. At year end, the Genesee Health System reported deferred outflows of resources from the following sources:

Description	Deferred Outflows of Resources
Difference between expected and actual experience	\$ 2,710,661
Changes in assumptions	13,742,988
Net difference between projected and actual earnings on pension plan investments	3,647,198
Employer contributions to the plan subsequent to the measurement date	<u>1,919,028</u>
Total	<u>\$ 22,019,875</u>

The amounts reported as deferred outflows and inflows of resources related to pensions, excluding the employer contributions to the plan made subsequent to the measurement date of \$1,919,028, will be recognized as pension expense as follows:

Years Ending September 30,	Deferred Outflows of Resources
2017	\$ 9,979,633
2018	8,276,648
2019	901,318
2020	943,248

The amount reported as deferred outflows of resources related to employer contributions to the plan made subsequent to the measurement date of \$1,919,028 will impact the net pension liability in fiscal year 2016/2017, as opposed to being amortized to pension expense over a period of years.

**ACTUARIAL ASSUMPTIONS**

Details of actuarial assumptions are included in Note 9.

**SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE**

The following presents the Genesee Health System's net pension liability, calculated using the discount rate of 5.56%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.56%) or 1% higher (6.56%) than the current rate:

	1% Decrease (4.56%)	Current Discount Rate (5.56%)	1% Increase (6.56%)
Net pension liability	\$ 74,947,607	\$ 58,925,616	\$ 45,464,287

**PENSION PLAN FIDUCIARY NET POSITION**

Details of the pension plan fiduciary net position are included in Note 9.

**NOTE 17 - COMPONENT UNIT DISCLOSURES (Continued)****POSTEMPLOYMENT BENEFITS -****PLAN DESCRIPTION**

The Genesee Health System retiree healthcare plan (the "Plan") is a single-employer defined benefit healthcare plan that provides health insurance benefits, including medical, prescriptions, dental, and optical coverage to certain retirees and their beneficiaries, that are advance-funded on a discretionary basis. It is a single-employer defined benefit healthcare plan administered by the Authority, which was closed to new hires as of May 2008. Plan assets are held in trust by a third-party administrator.

**FUNDING POLICY**

The contribution requirements of Plan members and the Authority are established and may be amended by the Authority Board of Directors. The required contribution is based on actuarially determined financed rates, with an additional amount to prefund benefits as determined annually by the Agency. For the year ended September 30, 2016, the Authority contributed \$8,596,614 to the Plan, while plan members receiving benefits contributed \$0.

**FUNDING PROGRESS**

The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC was calculated using the projected unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the Authority's annual OPEB cost, the amount actually contributed to the Plan, and changes in the Authority's net OPEB asset:

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual required contribution	\$ 9,947,449	\$ 7,204,668	\$ 7,885,191
Interest on net OPEB asset	(48,167)	110,113	-
Adjustment to annual required contribution	<u>100,346</u>	<u>(439,877)</u>	<u>-</u>
Net OPEB cost (expense)	\$ 9,999,628	\$ 6,874,904	\$ 7,885,191
Amount contributed:			
Payment of current premiums	<u>(8,102,098)</u>	<u>(8,170,360)</u>	<u>(7,885,191)</u>
Change in net OPEB obligation	(1,897,530)	(1,295,456)	-
Net OPEB (asset) obligation, beginning of the year	<u>(602,074)</u>	<u>1,295,456</u>	<u>-</u>
Net OPEB obligation, end of the year	\$ 1,295,456	\$ -	\$ -

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Annual OPEB costs	\$9,999,628	\$6,874,904	\$7,885,191
Percentage contributed	81.0%	118.8%	100%
Net OPEB liability	\$1,295,456	\$ -	\$ -

The funding progress of the plan as of the most recent valuation date is as follows:

	<u>12/31/2011</u>	<u>12/31/2013</u>	<u>12/31/2015</u>
Unfunded AAL	\$41,878,489	\$22,208,025	\$9,015,269
Actuarial value of plan assets	14,599,442	28,516,956	46,884,584
Actuarial accrued liability	56,477,931	50,724,981	55,899,853
Funded	25.8%	56.2%	53.9%
Annual covered payroll	\$13,986,796	\$12,563,949	\$14,230,421
Ratio of UAAL to covered payroll	299.4%	176.8%	63.35%

**ACTUARIAL METHODS AND ASSUMPTIONS**

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

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include (a) a rate of return on investments of 7.5%, (b) projected salary increases of 3.5% attributable to inflation, (c) additional projected salary increases ranging from 0.0% to 4.03%, depending on age, attributable to seniority/merit, and (d) projected healthcare benefit increases of 3.5% to 9.0%. The actuarial value of assets was determined based on market value. The unfunded actuarial liability is being amortized on a level dollar basis over 24 years on a closed basis. The remaining amortization period at December 31, 2015, the date of the latest actuarial valuation, was four years.

## **Required Supplemental Information**

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# Genesee County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended September 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Property taxes	\$ 46,647,188	\$ 46,647,188	\$ 47,664,376	\$ 1,017,188
Licenses and permits	752,700	752,700	547,572	(205,128)
Federal grants	255,000	255,000	267,731	12,731
Other intergovernmental revenue	15,538,953	16,182,388	16,173,883	(8,505)
Charges for services	11,027,242	11,034,842	11,959,671	924,829
Fines and forfeitures	2,768,520	2,768,520	1,659,790	(1,108,730)
Interest income	86,000	86,000	806,279	720,279
Rental income	-	38,091	47,346	9,255
Other	579,480	664,702	2,163,385	1,498,683
Total revenue	77,655,083	78,429,431	81,290,033	2,860,602
<b>Expenditures</b>				
Current:				
Management and planning:				
Board coordinator	280,022	280,063	321,401	(41,338)
Corporation counsel	451,442	453,111	395,339	57,772
Controller administration	2,108,292	2,211,695	1,880,813	330,882
Human resources	1,039,636	1,041,604	814,744	226,860
County treasurer	1,402,550	1,411,274	1,242,523	168,751
County clerk	2,725,984	2,750,337	2,459,979	290,358
Elections clerk	797,687	797,687	823,787	(26,100)
Drain commission	5,991,862	6,052,693	4,853,104	1,199,589
Equalization	973,878	969,078	884,457	84,621
GIS	195,797	195,797	183,558	12,239
Register of deeds	670,531	685,916	599,408	86,508
Other general government	243,051	243,605	620,021	(376,416)
Total management and planning	16,880,732	17,092,860	15,079,134	2,013,726
Administration of justice:				
District court costs	7,481,889	7,685,073	6,428,946	1,256,127
Circuit court	10,238,973	10,030,345	9,340,087	690,258
Adult probation, jury board, and court services	348,057	348,057	273,538	74,519
Probate court	2,032,508	2,033,980	1,942,945	91,035
Prosecutor	4,896,813	4,931,618	4,876,055	55,563
Total administration of justice	24,998,240	25,029,073	22,861,571	2,167,502
Law enforcement and community protection:				
Sheriff security	17,229,683	17,679,172	18,276,712	(597,540)
Detective division	723,328	745,015	1,073,210	(328,195)
Sheriff marine division	23,000	25,658	33,165	(7,507)
Sheriff administration	2,269,984	2,271,792	2,583,546	(311,754)
Office of emergency preparedness	164,958	171,080	150,485	20,595
Total law enforcement and community protection	20,410,953	20,892,717	22,117,118	(1,224,401)
Human services	3,700,000	3,700,000	2,775,000	925,000

# Genesee County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended September 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Expenditures (Continued)</b>				
Current (Continued):				
Legislative - Board of Commissioners	\$ 567,233	\$ 567,233	\$ 489,402	\$ 77,831
Community enrichment and development	2,543,898	1,945,922	1,714,345	231,577
Contribution to Component Units - Genesee Health System Authority	-	-	261,857	(261,857)
Capital outlay	24,030	368,873	346,851	22,022
Total expenditures	69,125,086	69,596,678	65,645,278	3,951,400
<b>Excess of Revenue Over Expenditures</b>	8,529,997	8,832,753	15,644,755	6,812,002
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	725,000	725,000	1,000	(724,000)
Transfers in	8,187,923	7,458,955	7,947,405	488,450
Transfers out	(17,442,920)	(17,539,238)	(17,247,912)	291,326
Total other financing uses	(8,529,997)	(9,355,283)	(9,299,507)	55,776
<b>Net Change in Fund Balance</b>	-	(522,530)	6,345,248	6,867,778
<b>Fund Balance - Beginning of year</b>	18,058,170	18,058,170	18,058,170	-
<b>Fund Balance - End of year</b>	<u>\$ 18,058,170</u>	<u>\$ 17,535,640</u>	<u>\$ 24,403,418</u>	<u>\$ 6,867,778</u>

# Genesee County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds County Health Year Ended September 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Licenses and permits	\$ 995,250	\$ 995,250	\$ 1,033,102	\$ 37,852
Federal grants	415,416	415,416	5,260,591	4,845,175
Other intergovernmental revenue	9,277,573	9,277,573	7,222,211	(2,055,362)
Charges for services	195,313	195,313	370,088	174,775
Other	436,703	436,703	681,026	244,323
Total revenue	11,320,255	11,320,255	14,567,018	3,246,763
<b>Expenditures</b> - Current - Human services	15,106,026	15,106,026	16,202,643	(1,096,617)
<b>Excess of Expenditures Over Revenue</b>	(3,785,771)	(3,785,771)	(1,635,625)	2,150,146
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,169,447	2,169,447	2,366,569	197,122
Transfers out	(131)	(131)	(6,042)	(5,911)
<b>Net Change in Fund Balance</b>	(1,616,455)	(1,616,455)	724,902	2,341,357
<b>Fund Balance</b> - Beginning of year	2,674,019	2,674,019	2,674,019	-
<b>Fund Balance</b> - End of year	<u>\$ 1,057,564</u>	<u>\$ 1,057,564</u>	<u>\$ 3,398,921</u>	<u>\$ 2,341,357</u>

# Genesee County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Community Action Resource Department Year Ended September 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 24,277,565	\$ 24,277,565	\$ 13,243,266	\$ (11,034,299)
Other intergovernmental revenue	821,660	821,660	2,283,501	1,461,841
Rental income	712,100	712,100	957,234	245,134
Other	6,224,945	6,224,945	1,851,304	(4,373,641)
Total revenue	32,036,270	32,036,270	18,335,305	(13,700,965)
<b>Expenditures</b>				
Current - Human services	31,616,227	31,616,227	21,752,719	9,863,508
Capital outlay	2,844	2,844	1,022	1,822
Total expenditures	31,619,071	31,619,071	21,753,741	9,865,330
<b>Other Financing Used - Transfers out</b>	<u>(351,978)</u>	<u>(351,978)</u>	<u>(346,222)</u>	<u>5,756</u>
<b>Net Change in Fund Balance</b>	65,221	65,221	(3,764,658)	(3,829,879)
<b>Fund Balance - Beginning of year</b>	<u>(337,359)</u>	<u>(337,359)</u>	<u>(337,359)</u>	<u>-</u>
<b>Fund Balance - End of year</b>	<u><u>\$ (272,138)</u></u>	<u><u>\$ (272,138)</u></u>	<u><u>\$ (4,102,017)</u></u>	<u><u>\$ (3,829,879)</u></u>

# Genesee County, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - Major Special Revenue Funds Community Development Year Ended September 30, 2016

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Revenue</b>				
Federal grants	\$ 29,387,743	\$ 29,387,743	\$ 2,077,014	\$ (27,310,729)
Interest income	15	15	-	(15)
Other	4,008,705	4,008,705	364,809	(3,643,896)
Total revenue	33,396,463	33,396,463	2,441,823	(30,954,640)
<b>Expenditures</b> - Current - Community enrichment and development	33,396,468	33,396,468	2,558,821	30,837,647
<b>Net Change in Fund Balance</b>	(5)	(5)	(116,998)	(116,993)
<b>Fund Balance</b> - Beginning of year	604,896	604,896	604,896	-
<b>Fund Balance</b> - End of year	<u>\$ 604,891</u>	<u>\$ 604,891</u>	<u>\$ 487,898</u>	<u>\$ (116,993)</u>



# Genesee County, Michigan

## Required Supplemental Information Schedule of Changes in the Net Pension Liability and Related Ratios

	2016	2015
<b>Total Pension Liability</b>		
Service cost	\$ 2,092,850	\$ 2,441,909
Interest	23,309,874	22,786,858
Changes in benefit terms	-	-
Differences between expected and actual experience	3,447,036	3,421,029
Changes in assumptions	59,608,793	5,189,777
Benefit payments, including refunds	(27,179,618)	(26,514,618)
Miscellaneous other	784,042	-
Net change in total pension liability	62,062,977	7,324,955
Total pension liability - Beginning of year	350,565,644	343,240,689
Total pension liability - End of year	<b>\$ 412,628,621</b>	<b>\$ 350,565,644</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 9,060,276	\$ 7,679,505
Contributions - Member	1,099,739	1,144,877
Net investment income	2,902,513	16,143,654
Administrative expenses	(258,787)	(261,859)
Benefit payments, including refunds	(27,179,618)	(26,514,618)
Other	(6,455)	-
Net change in plan fiduciary net position	(14,382,332)	(1,808,441)
Plan fiduciary net position - Beginning of year	241,903,690	243,712,131
Plan fiduciary net position - End of year	<b>\$ 227,521,358</b>	<b>\$ 241,903,690</b>
County's net pension liability - Ending	<b>\$ 185,107,263</b>	<b>\$ 108,661,954</b>
Plan fiduciary net position as a percentage of total pension liability	55.14 %	69.00 %
Covered employee payroll	\$ 12,730,024	\$ 13,706,964
County's net pension liability as a percentage of covered employee payroll	1,454.1 %	792.7 %

# Genesee County, Michigan

## Required Supplemental Information Schedule of Pension Contributions

	2016	2015
Actuarially determined contribution	\$ 8,816,860	\$ 8,852,715
Contributions in relation to the actuarially determined contribution	8,816,154	8,852,715
Contribution deficiency	<u>\$ 706</u>	<u>\$ -</u>
Covered employee payroll	\$ 12,730,024	\$ 13,706,964
Contributions as a percentage of covered employee payroll	69.3 %	64.6 %

### Notes to Schedule of County Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date

Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported. Contributions for the County's fiscal year ended September 30, 2016 were determined based on the actuarial valuation as of December 31, 2014. The most recent valuation is as of December 31, 2015.

Methods and assumptions used to determine contribution rates:

Actuarial cost method

Entry age

Amortization method

Level dollar

Remaining amortization period

25 years, open

Asset valuation method

4 years smoothed market

Inflation

3.00 percent

Salary increases

3.0 - 7.03 percent, including inflation

Investment rate of return

7.0 percent, net of pension plan investment expense, including inflation

Retirement age

60

Mortality

RP 2000 Combined Healthy Mortality Table

Other information

Pension schedules (Schedule of Changes in the Net Pension Liability and Related Ratios and Schedule of County Contributions) are intended to show information for ten years. Additional years' information will be displayed as it becomes available.

# Genesee County, Michigan

## Required Supplemental Information OPEB System Schedule Year Ended September 30, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
9/30/07	\$ 30,427,079	\$179,150,908	\$148,723,829	17.0	\$ 58,387,145	254.7
9/30/10	41,579,396	286,696,396	245,117,000	14.5	58,028,000	422.4
9/30/12	43,313,587	308,208,023	264,894,436	14.1	36,987,137	716.2
9/30/14	41,485,721	344,160,043	302,674,322	12.1	33,343,864	907.7
9/30/16	32,821,620	341,629,201	308,807,581	9.6	25,157,676	1,227.5

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution *	Percentage Contributed
9/30/11	9/30/10	\$ 18,708,000	52.0
9/30/12	9/30/12	18,549,049	64.0
9/30/13	9/30/12	18,549,049	64.7
9/30/14	9/30/14	19,066,021	45.2
9/30/15	9/30/14	19,066,021	43.1
9/30/16	9/30/16	18,883,352	39.5

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of September 30, 2016, the latest actuarial valuation, follows:

Amortization method	Level percent-of-payroll
Amortization period (perpetual)	30 years
Actuarial assumptions:	
Investment rate of return	6%
Projected salary increases	3%
Medical inflation rate	8%, graded down to 4% in 0.5% increments over nine years
Cost of living adjustments	None

# Genesee County, Michigan

## Note to Required Supplemental Information Year Ended September 30, 2016

**Budgetary Information** - Budgets shown in the financial statements were prepared on the same modified accrual basis used to reflect actual results. The County employs the following procedures in establishing the budgetary data reflected in the financial statements:

- Prior to July 1, County departments, in conjunction with the Controller's Office, prepare and submit their proposed operating budgets for the fiscal year commencing October 1. The operating budget includes proposed expenditures and resources to finance them.
- A public hearing is conducted to obtain taxpayers' comments.
- Prior to September 30, the budget is legally enacted through passage of a resolution.
- After the budget is adopted, the Finance Committee of the Board of Commissioners is authorized to transfer budgeted amounts between accounts within a department. However, any revisions that alter the total expenditures of a department or fund must be approved by the Board of Commissioners.
- Formal budgetary integration is employed as a management control device during the year for the General Fund and the Special Revenue Funds. Formal budgetary integration is not employed for other governmental type funds as effective management control is achieved through alternative procedures.
- Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations, which were amended. Appropriations unused at September 30 are not carried forward to the following year. The budgets for the General and Special Revenue Funds are adopted at the departmental level and total fund level, respectively.

	<u>Total Revenue</u>	<u>Total Expenditures</u>
General Fund:		
Amounts per operating statement	\$ 80,376,062	\$ 67,483,837
Medical Examiner Fund budgeted separately from the General Fund	<u>(321,261)</u>	<u>(1,433,593)</u>
Amounts per budget statement	<u>\$ 80,054,801</u>	<u>\$ 66,050,244</u>

## Genesee County, Michigan

### Note to Required Supplemental Information (Continued) Year Ended September 30, 2016

Excesses of expenditures over appropriations in individual funds are presented below:

	Amended Budget	Actual	Variance
General Fund:			
Elections clerk	\$ 797,687	\$ 823,787	\$ (26,100)
Board coordinator	280,063	321,401	(41,338)
Other general government	243,605	620,021	(376,416)
Sheriff security	17,679,172	18,276,712	(597,540)
Detective division	745,015	1,073,210	(328,195)
Sheriff marine division	25,658	33,165	(7,507)
Sheriff administration	2,271,792	2,583,546	(311,754)
Contribution to Component Units - Genesee Health System Authority	-	261,857	(261,857)
Other major governmental funds:			
County Health	15,106,026	16,202,643	(1,096,617)
County Health - Transfer out	131	6,042	(5,911)

The cause of the budget overruns were unanticipated expenditures.

## **Other Supplemental Information**

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# Genesee County, Michigan

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## Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions

### Nonmajor Special Revenue Funds:

**Accommodations Ordinance Tax** - To account for the collection of a 5 percent hotel room tax and subsequent disbursement of such revenue to the Flint Convention and Tourist Council and the Genesee County Parks and Recreation Department. Board of Commissioners resolution provides for use of such revenue to promote tourism and convention business.

**Administration of Justice** - To account for programs that provide support to local court activities within Genesee County. Financing is provided through various federal and state grants and General Fund appropriations.

**Animal Shelter** - To account for the operations of the County's Animal Shelter facility. Financing is provided by an annual property tax levy.

**Child Care** - To account for court-ordered expenses for the health and welfare of minor children. Financing is provided by General Fund appropriations and State matching of certain eligible costs.

**Community Enrichment and Development** - To account for small grants providing for activities that support community development. Financing is provided through various federal and state grants and General Fund appropriations.

**Drug Forfeiture** - To account for local share of funds received as a result of seizures made in the arrest and prosecution of criminal drug cases in Genesee County.

**Emergency Medical Services** - To account for the costs of providing advanced emergency medical services. Financing is provided by an annual property tax levy.

**Flint City Lockup** - To account for the costs of providing additional lockup facilities in the city of Flint. Financing is provided by state grants.

**Health Care Services** - To account for the costs of providing health care to low-income, uninsured persons, in addition to substantially improving the quality of life of those persons. Financing is provided by an annual property tax levy.

**Law Enforcement** - To account for programs designated for the support of local law enforcement efforts in Genesee County. Financing is provided through various federal and state grants and General Fund appropriations.

**Parks and Recreation** - To account for the operations and maintenance of County-owned parks and facilities, exclusive of the Parks and Recreation Enterprise Fund. Financing is provided by General Fund appropriations, an annual property tax levy, and charges for services of operating the parks.

# Genesee County, Michigan

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## Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions (Continued)

**Planning Commission** - To account for the planning and information gathering activities undertaken to improve city or county maintained roads, relieve local unemployment, or other related activities which benefit county residents. Financing is provided by state and federal grants and General Fund appropriations.

**Senior Services** - To account for the costs of providing services to improve the health, safety, and quality of life for seniors in Genesee County. Financing is provided by an annual property tax levy.

**Sheriff Contracted Services** - To account for the costs pertaining to township police services and school resource officers performed by the Genesee County Sheriff's Department. Financing is provided primarily by the townships and schools utilizing the service on a cost reimbursement basis.

**Social Services** - To account for the costs of providing financial assistance to County residents who cannot meet basic requirements for personal needs, shelter, and medical care. Financing is provided by the Michigan Department of Social Services and General Fund appropriations.

**Veterans Millage** - To account for the costs of providing services to improve the health, safety, and quality of life for veterans in Genesee County. Financing is provided by an annual property tax levy.

**Michigan Strategic Fund/Workforce Development Agency** - To account for federally funded grant programs to provide job training to eligible individuals. Genesee County is the grant recipient for this program which provides services for Genesee and Shiawassee County. The County contracts with a nonprofit entity, Career Alliance, to provide services under this program. Career Alliance contracts for all services funded by this program.

### Nonmajor Debt Service Funds:

**Capital Improvement** - To account for the funding and payment of principal and interest on debt issued to finance the construction of various Genesee County buildings.

**Courthouse Square** - To account for the funding and payment of principal and interest on debt issued to finance construction of the new addition and the renovations needed to the Genesee County Courthouse, under a lease-purchase agreement with the Genesee County Building Authority.

**GCCARD Warehouse** - To account for the funding and payment of principal and interest on debt issued to finance purchase and renovation of Genesee County Community Action Resource Department.

**Hughes and Hatcher Center** - To account for the funding and payment of principal and interest on debt issued to finance the purchase and renovation of the Hughes and Hatcher Building.



## Genesee County, Michigan

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### Other Supplemental Information Nonmajor Governmental Funds Fund Descriptions (Continued)

**JCI Energy** - To account for the funding and payment of principal and interest on debt issued to finance energy efficiency improvements on most County buildings.

**2012 Refunding** - To account for the funding and payment of interest on the consolidation of the GCCARD and Burton Clinic Bonds.

#### **Capital Project Funds:**

**Capital Improvement** - To account for the funding proceeds and project costs related to renovation of various County buildings.

**Jail Site Remediation** - To account for the funding proceeds and project costs related to the remedial activities at the contaminated jail site.

**KRONOS Workforce** - To account for the funding proceeds and project costs related to implementing a time and attendance system relating to payroll.

**Project ERP** - To account for the funding and project cost related to implementing an enterprise resource planning system for the County.

# Genesee County, Michigan

## Other Supplemental Information Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

	Special Revenue Funds					
	Accommodations Ordinance Tax	Administration of Justice	Animal Shelter	Child Care	Community Enrichment and Development	Drug Forfeiture
<b>Assets</b>						
Cash and cash equivalents	\$ 334,045	\$ 2,254,045	\$ 826,849	\$ 4,208,530	\$ 2,147,975	\$ 143,205
Investments	-	-	-	-	-	-
Receivables:						
Interest and accounts receivable	-	13,151	1,270	530	42,098	-
Due from other governmental units	-	1,987,530	-	1,428,780	55,072	-
Due from other county funds	-	-	29,609	-	54,086	-
Inventory	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	799	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Long-term advance to component unit	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 334,045</b>	<b>\$ 4,254,726</b>	<b>\$ 857,728</b>	<b>\$ 5,637,840</b>	<b>\$ 2,300,030</b>	<b>\$ 143,205</b>
<b>Liabilities</b>						
Accounts payable	\$ 250,534	\$ 100,651	\$ 16,627	\$ 617,040	\$ 282,569	\$ -
Due to other governmental units	-	1,718	-	-	9,183	-
Due to other funds	83,511	5,177	21,046	-	778	-
Accrued liabilities and other	-	489,464	34,179	134,079	19,174	-
Unearned revenue	-	-	-	-	1,472,086	48,735
<b>Total liabilities</b>	<b>334,045</b>	<b>597,010</b>	<b>71,852</b>	<b>751,119</b>	<b>1,783,790</b>	<b>48,735</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	1,784,069	-	-	55,072	-
<b>Fund Balances (Deficits)</b>						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepays	-	-	-	-	799	-
Restricted:						
Drug forfeiture	-	-	-	-	-	94,470
Emergency medical services	-	-	-	-	-	-
Animal control	-	-	440,695	-	-	-
Social services	-	-	-	-	-	-
Senior services	-	-	-	-	-	-
Health services plan	-	-	-	-	-	-
Veterans millage	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	-
Committed:						
Contractual disallowances	-	-	-	-	-	-
Local match on grant	-	-	-	-	-	-
Technical upgrades	-	-	-	-	-	-
Assigned:						
Debt service	-	-	-	-	-	-
Child care	-	-	-	4,886,721	-	-
Parks and recreation	-	-	-	-	-	-
Animal control	-	-	345,181	-	-	-
Administration of justice	-	1,873,647	-	-	-	-
Community enrichment and development	-	-	-	-	460,369	-
Law enforcement	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>1,873,647</b>	<b>785,876</b>	<b>4,886,721</b>	<b>461,168</b>	<b>94,470</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 334,045</b>	<b>\$ 4,254,726</b>	<b>\$ 857,728</b>	<b>\$ 5,637,840</b>	<b>\$ 2,300,030</b>	<b>\$ 143,205</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2016

	Special Revenue Funds					
	Emergency Medical Services	Flint City Lockup	Health Care Services	Law Enforcement	Parks and Recreation	Planning Commission
<b>Assets</b>						
Cash and cash equivalents	\$ 84,448	\$ 558	\$ 4,154,157	\$ 62,562	\$ 474	\$ 447,369
Investments	-	-	-	-	3,000,000	-
Receivables:						
Interest and accounts receivable	-	-	-	158	4,056	192,978
Due from other governmental units	-	434,563	-	552,925	102,641	490,647
Due from other county funds	827,000	-	-	-	174,044	53,725
Inventory	-	-	-	-	109,279	-
Prepaid expenses and other assets	-	-	-	-	-	850
Restricted cash and cash equivalents	-	75,000	-	-	-	-
Long-term advance to component unit	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 911,448</b>	<b>\$ 510,121</b>	<b>\$ 4,154,157</b>	<b>\$ 615,645</b>	<b>\$ 3,390,494</b>	<b>\$ 1,185,569</b>
<b>Liabilities</b>						
Accounts payable	\$ 40,372	\$ 8,412	\$ 2,319,530	\$ 97,590	\$ 347,824	\$ 308,425
Due to other governmental units	-	-	-	-	-	-
Due to other funds	259,247	410,000	399,398	1,339	789,272	-
Accrued liabilities and other	101,139	75,312	-	50,818	239,012	57,364
Unearned revenue	-	-	-	-	-	5,584
<b>Total liabilities</b>	<b>400,758</b>	<b>493,724</b>	<b>2,718,928</b>	<b>149,747</b>	<b>1,376,108</b>	<b>371,373</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	5,156	-	408,250	29,953	-
<b>Fund Balances (Deficits)</b>						
Nonspendable:						
Inventory	-	-	-	-	109,279	-
Prepays	-	-	-	-	-	850
Restricted:						
Drug forfeiture	-	-	-	-	-	-
Emergency medical services	510,690	-	-	-	-	-
Animal control	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Senior services	-	-	-	-	-	-
Health services plan	-	-	1,435,229	-	-	-
Veterans millage	-	-	-	-	-	-
Law enforcement	-	11,241	-	-	-	-
Capital improvements	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	320,227
Committed:						
Contractual disallowances	-	-	-	-	-	165,000
Local match on grant	-	-	-	-	-	15,000
Technical upgrades	-	-	-	-	-	40,000
Assigned:						
Debt service	-	-	-	-	-	-
Child care	-	-	-	-	-	-
Parks and recreation	-	-	-	-	1,875,154	-
Animal control	-	-	-	-	-	-
Administration of justice	-	-	-	-	-	-
Community enrichment and development	-	-	-	-	-	-
Law enforcement	-	-	-	57,648	-	-
Compensated absences	-	-	-	-	-	75,856
Solid waste planning activities	-	-	-	-	-	197,263
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>510,690</b>	<b>11,241</b>	<b>1,435,229</b>	<b>57,648</b>	<b>1,984,433</b>	<b>814,196</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 911,448</b>	<b>\$ 510,121</b>	<b>\$ 4,154,157</b>	<b>\$ 615,645</b>	<b>\$ 3,390,494</b>	<b>\$ 1,185,569</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2016

	Special Revenue Funds					
	Senior Services	Sheriff Contracted Services	Social Services	Veterans Millage	Michigan Strategic Fund/Work Force Development Agency	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 1,450,228	\$ 640	\$ 92,044	\$ 1,138,757	\$ -	\$ 17,345,886
Investments	950,000	-	-	-	-	3,950,000
Receivables:						
Interest and accounts receivable	-	58,090	-	-	-	312,331
Due from other governmental units	-	553,214	-	-	-	5,605,372
Due from other county funds	6,034	-	-	776	-	1,145,274
Inventory	-	-	-	-	-	109,279
Prepaid expenses and other assets	-	-	-	-	-	1,649
Restricted cash and cash equivalents	-	-	-	-	-	75,000
Long-term advance to component unit	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2,406,262</b>	<b>\$ 611,944</b>	<b>\$ 92,044</b>	<b>\$ 1,139,533</b>	<b>\$ -</b>	<b>\$ 28,544,791</b>
<b>Liabilities</b>						
Accounts payable	\$ 280,744	\$ 476	\$ -	\$ 1,716	\$ -	\$ 4,672,510
Due to other governmental units	-	-	-	-	-	10,901
Due to other funds	221,506	521,000	-	15,333	-	2,727,607
Accrued liabilities and other	10,472	90,376	-	17,191	-	1,318,580
Unearned revenue	-	-	-	-	-	1,526,405
<b>Total liabilities</b>	<b>512,722</b>	<b>611,852</b>	<b>-</b>	<b>34,240</b>	<b>-</b>	<b>10,256,003</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	28,860	-	-	-	2,311,360
<b>Fund Balances (Deficits)</b>						
Nonspendable:						
Inventory	-	-	-	-	-	109,279
Prepays	-	-	-	-	-	1,649
Restricted:						
Drug forfeiture	-	-	-	-	-	94,470
Emergency medical services	-	-	-	-	-	510,690
Animal control	-	-	-	-	-	440,695
Social services	-	-	92,044	-	-	92,044
Senior services	1,893,540	-	-	-	-	1,893,540
Health services plan	-	-	-	-	-	1,435,229
Veterans millage	-	-	-	1,105,293	-	1,105,293
Law enforcement	-	-	-	-	-	11,241
Capital improvements	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	320,227
Committed:						
Contractual disallowances	-	-	-	-	-	165,000
Local match on grant	-	-	-	-	-	15,000
Technical upgrades	-	-	-	-	-	40,000
Assigned:						
Debt service	-	-	-	-	-	-
Child care	-	-	-	-	-	4,886,721
Parks and recreation	-	-	-	-	-	1,875,154
Animal control	-	-	-	-	-	345,181
Administration of justice	-	-	-	-	-	1,873,647
Community enrichment and development	-	-	-	-	-	460,369
Law enforcement	-	-	-	-	-	57,648
Compensated absences	-	-	-	-	-	75,856
Solid waste planning activities	-	-	-	-	-	197,263
Unassigned	-	(28,768)	-	-	-	(28,768)
<b>Total fund balances (deficits)</b>	<b>1,893,540</b>	<b>(28,768)</b>	<b>92,044</b>	<b>1,105,293</b>	<b>-</b>	<b>15,977,428</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 2,406,262</b>	<b>\$ 611,944</b>	<b>\$ 92,044</b>	<b>\$ 1,139,533</b>	<b>\$ -</b>	<b>\$ 28,544,791</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2016

	Debt Service Funds					Debt Service Funds
	Capital Improvements	Courthouse Square	GCCARD Warehouse	Hughes & Hatcher Center	JCI Energy Efficiency Project	2012 Refunding
<b>Assets</b>						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 55,115	\$ 299,508	\$ -
Investments	-	-	-	-	-	-
Receivables:						
Interest and accounts receivable	-	-	-	-	-	-
Due from other governmental units	-	-	-	-	-	-
Due from other county funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Long-term advance to component unit	-	-	-	1,620,000	-	-
<b>Total assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,675,115</b>	<b>\$ 299,508</b>	<b>\$ -</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-	-
Due to other funds	-	-	-	-	5,160	-
Accrued liabilities and other	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,160</b>	<b>-</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	-	-	-	1,620,000	-	-
<b>Fund Balances (Deficits)</b>						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Restricted:						
Drug forfeiture	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Animal control	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Senior services	-	-	-	-	-	-
Health services plan	-	-	-	-	-	-
Veterans millage	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	-
Committed:						
Contractual disallowances	-	-	-	-	-	-
Local match on grant	-	-	-	-	-	-
Technical upgrades	-	-	-	-	-	-
Assigned:						
Debt service	-	-	-	55,115	294,348	-
Child care	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Animal control	-	-	-	-	-	-
Administration of justice	-	-	-	-	-	-
Community enrichment and development	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
<b>Total fund balances (deficits)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55,115</b>	<b>294,348</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,675,115</b>	<b>\$ 299,508</b>	<b>\$ -</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2016

	Debt Service Funds	Capital Projects Funds				
	Total	Capital Improvement	Jail Site Remediation	KRONOS Workforce	Project ERP	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 354,623	\$ -	\$ 1,084	\$ 301	\$ 41,290	\$ 42,675
Investments	-	-	-	-	-	-
Receivables:						
Interest and accounts receivable	-	-	-	-	146,287	146,287
Due from other governmental units	-	-	-	39,699	-	39,699
Due from other county funds	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid expenses and other assets	-	-	-	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-
Long-term advance to component unit	1,620,000	-	-	-	-	-
<b>Total assets</b>	<b>\$ 1,974,623</b>	<b>\$ -</b>	<b>\$ 1,084</b>	<b>\$ 40,000</b>	<b>\$ 187,577</b>	<b>\$ 228,661</b>
<b>Liabilities</b>						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 187,577	\$ 187,577
Due to other governmental units	-	-	-	-	-	-
Due to other funds	5,160	-	-	40,000	-	40,000
Accrued liabilities and other	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
<b>Total liabilities</b>	<b>5,160</b>	<b>-</b>	<b>-</b>	<b>40,000</b>	<b>187,577</b>	<b>227,577</b>
<b>Deferred Inflows of Resources -</b>						
Unavailable revenue	1,620,000	-	-	39,699	146,287	185,986
<b>Fund Balances (Deficits)</b>						
Nonspendable:						
Inventory	-	-	-	-	-	-
Prepays	-	-	-	-	-	-
Restricted:						
Drug forfeiture	-	-	-	-	-	-
Emergency medical services	-	-	-	-	-	-
Animal control	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Senior services	-	-	-	-	-	-
Health services plan	-	-	-	-	-	-
Veterans millage	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Capital improvements	-	-	1,084	-	-	1,084
Solid waste planning activities	-	-	-	-	-	-
Committed:						
Contractual disallowances	-	-	-	-	-	-
Local match on grant	-	-	-	-	-	-
Technical upgrades	-	-	-	-	-	-
Assigned:						
Debt service	349,463	-	-	-	-	-
Child care	-	-	-	-	-	-
Parks and recreation	-	-	-	-	-	-
Animal control	-	-	-	-	-	-
Administration of justice	-	-	-	-	-	-
Community enrichment and development	-	-	-	-	-	-
Law enforcement	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Solid waste planning activities	-	-	-	-	-	-
Unassigned	-	-	-	(39,699)	(146,287)	(185,986)
<b>Total fund balances (deficits)</b>	<b>349,463</b>	<b>-</b>	<b>1,084</b>	<b>(39,699)</b>	<b>(146,287)</b>	<b>(184,902)</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 1,974,623</b>	<b>\$ -</b>	<b>\$ 1,084</b>	<b>\$ 40,000</b>	<b>\$ 187,577</b>	<b>\$ 228,661</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds September 30, 2016

	Total Nonmajor Governmental Funds
<b>Assets</b>	
Cash and cash equivalents	\$ 17,743,184
Investments	3,950,000
Receivables:	
Interest and accounts receivable	458,618
Due from other governmental units	5,645,071
Due from other county funds	1,145,274
Inventory	109,279
Prepaid expenses and other assets	1,649
Restricted cash and cash equivalents	75,000
Long-term advance to component unit	1,620,000
<b>Total assets</b>	<b>\$ 30,748,075</b>
<b>Liabilities</b>	
Accounts payable	\$ 4,860,087
Due to other governmental units	10,901
Due to other funds	2,772,767
Accrued liabilities and other	1,318,580
Unearned revenue	1,526,405
<b>Total liabilities</b>	<b>10,488,740</b>
<b>Deferred Inflows of Resources -</b>	
Unavailable revenue	4,117,346
<b>Fund Balances (Deficits)</b>	
Nonspendable:	
Inventory	109,279
Prepays	1,649
Restricted:	
Drug forfeiture	94,470
Emergency medical services	510,690
Animal control	440,695
Social services	92,044
Senior services	1,893,540
Health services plan	1,435,229
Veterans millage	1,105,293
Law enforcement	11,241
Capital improvements	1,084
Solid waste planning activities	320,227
Committed:	
Contractual disallowances	165,000
Local match on grant	15,000
Technical upgrades	40,000
Assigned:	
Debt service	349,463
Child care	4,886,721
Parks and recreation	1,875,154
Animal control	345,181
Administration of justice	1,873,647
Community enrichment and development	460,369
Law enforcement	57,648
Compensated absences	75,856
Solid waste planning activities	197,263
Unassigned	(214,754)
<b>Total fund balances (deficits)</b>	<b>16,141,989</b>
<b>Total liabilities, deferred inflows of resources, and fund balances (deficits)</b>	<b>\$ 30,748,075</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds Year Ended September 30, 2016

### Special Revenue Funds

	Accommodations Ordinance Tax	Administration of Justice	Animal Shelter	Child Care	Community Enrichment and Development	Drug Forfeiture
<b>Revenue</b>						
Property taxes	\$ 1,369,805	\$ -	\$ 1,695,908	\$ -	\$ 347,244	\$ -
Licenses and permits	-	-	-	-	210,239	-
Federal grants	-	6,446,671	-	42,031	143,372	-
Other intergovernmental revenue	-	1,990,189	-	5,890,264	188,580	98,310
Charges for services	-	1,504,670	90,489	427,085	420,360	-
Interest income	-	-	-	-	16	-
Rental income	-	-	-	-	-	-
Other	-	176,926	4,475	283,373	1,101,529	-
<b>Total revenue</b>	<b>1,369,805</b>	<b>10,118,456</b>	<b>1,790,872</b>	<b>6,642,753</b>	<b>2,411,340</b>	<b>98,310</b>
<b>Expenditures</b>						
Current:						
Administration of justice	-	11,972,288	-	-	-	-
Law enforcement and community protection	-	-	1,526,291	-	-	2,798
Human services	-	-	-	10,805,197	-	-
Community enrichment and development	1,032,354	-	-	-	2,035,030	-
Capital outlay	-	77,632	-	-	373,346	-
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,032,354</b>	<b>12,049,920</b>	<b>1,526,291</b>	<b>10,805,197</b>	<b>2,408,376</b>	<b>2,798</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>337,451</b>	<b>(1,931,464)</b>	<b>264,581</b>	<b>(4,162,444)</b>	<b>2,964</b>	<b>95,512</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	3,640,307	29,609	8,918,985	-	-
Transfers out	(337,451)	(3,472)	(8,313)	(3,122,191)	-	(98,310)
<b>Total other financing sources (uses)</b>	<b>(337,451)</b>	<b>3,636,835</b>	<b>21,296</b>	<b>5,796,794</b>	<b>-</b>	<b>(98,310)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>1,705,371</b>	<b>285,877</b>	<b>1,634,350</b>	<b>2,964</b>	<b>(2,798)</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>-</b>	<b>168,276</b>	<b>499,999</b>	<b>3,252,371</b>	<b>458,204</b>	<b>97,268</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ -</b>	<b>\$ 1,873,647</b>	<b>\$ 785,876</b>	<b>\$ 4,886,721</b>	<b>\$ 461,168</b>	<b>\$ 94,470</b>



# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended September 30, 2016

	Special Revenue Funds					
	Emergency Medical Services	Flint City Lockup	Health Care Services	Law Enforcement	Parks and Recreation	Planning Commission
<b>Revenue</b>						
Property taxes	\$ 4,137,433	\$ -	\$ 8,398,348	\$ -	\$ 6,279,671	\$ -
Licenses and permits	-	-	-	22,853	-	5,580
Federal grants	-	-	-	588,657	-	999,093
Other intergovernmental revenue	-	2,489,871	-	1,079,015	112,840	252,849
Charges for services	-	-	-	189,159	2,165,256	1,218,422
Interest income	-	-	10,546	-	116,907	-
Rental income	-	-	-	-	-	-
Other	195	-	-	39,820	497,319	27,379
<b>Total revenue</b>	<b>4,137,628</b>	<b>2,489,871</b>	<b>8,408,894</b>	<b>1,919,504</b>	<b>9,171,993</b>	<b>2,503,323</b>
<b>Expenditures</b>						
Current:						
Administration of justice	-	-	-	-	-	-
Law enforcement and community protection	4,202,286	2,478,630	-	2,234,139	-	-
Human services	-	-	7,838,203	-	4,887,118	2,945,956
Community enrichment and development	-	-	-	-	4,328,721	-
Capital outlay	-	-	-	-	539,718	-
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
<b>Total expenditures</b>	<b>4,202,286</b>	<b>2,478,630</b>	<b>7,838,203</b>	<b>2,234,139</b>	<b>9,755,557</b>	<b>2,945,956</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(64,658)</b>	<b>11,241</b>	<b>570,691</b>	<b>(314,635)</b>	<b>(583,564)</b>	<b>(442,633)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	7,032	-	-	157,738	1,913,137	481,546
Transfers out	-	-	(379,547)	(4,609)	(2,588,800)	-
<b>Total other financing sources (uses)</b>	<b>7,032</b>	<b>-</b>	<b>(379,547)</b>	<b>153,129</b>	<b>(675,663)</b>	<b>481,546</b>
<b>Net Change in Fund Balances</b>	<b>(57,626)</b>	<b>11,241</b>	<b>191,144</b>	<b>(161,506)</b>	<b>(1,259,227)</b>	<b>38,913</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>568,316</b>	<b>-</b>	<b>1,244,085</b>	<b>219,154</b>	<b>3,243,660</b>	<b>775,283</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 510,690</b>	<b>\$ 11,241</b>	<b>\$ 1,435,229</b>	<b>\$ 57,648</b>	<b>\$ 1,984,433</b>	<b>\$ 814,196</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended September 30, 2016

	Special Revenue Funds					Total
	Senior Services	Sheriff Contracted Services	Social Services	Veterans Millage	Michigan Strategic Fund/Work Force Development Agency	
<b>Revenue</b>						
Property taxes	\$ 5,922,127	\$ -	\$ -	\$ 832,832	\$ -	\$ 28,983,368
Licenses and permits	-	-	-	-	-	238,672
Federal grants	-	-	-	-	-	8,219,824
Other intergovernmental revenue	-	2,470,714	1,351	15,000	95,880	14,684,863
Charges for services	-	-	-	-	-	6,015,441
Interest income	6,386	-	-	52	-	133,907
Rental income	-	-	-	-	-	-
Other	2,075	29,780	263	7,963	-	2,171,097
<b>Total revenue</b>	<b>5,930,588</b>	<b>2,500,494</b>	<b>1,614</b>	<b>855,847</b>	<b>95,880</b>	<b>60,447,172</b>
<b>Expenditures</b>						
Current:						
Administration of justice	-	-	-	-	-	11,972,288
Law enforcement and community protection	-	2,501,581	-	-	-	12,945,725
Human services	5,902,734	-	1,182	-	86,668	32,467,058
Community enrichment and development	-	-	-	668,995	-	8,065,100
Capital outlay	-	-	-	-	-	990,696
Debt service:						
Principal	-	-	-	-	-	-
Interest on long-term debt	-	-	-	-	-	-
<b>Total expenditures</b>	<b>5,902,734</b>	<b>2,501,581</b>	<b>1,182</b>	<b>668,995</b>	<b>86,668</b>	<b>66,440,867</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>27,854</b>	<b>(1,087)</b>	<b>432</b>	<b>186,852</b>	<b>9,212</b>	<b>(5,993,695)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	6,034	-	-	776	1	15,155,165
Transfers out	(392,986)	-	-	(744)	-	(6,936,423)
<b>Total other financing sources (uses)</b>	<b>(386,952)</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>1</b>	<b>8,218,742</b>
<b>Net Change in Fund Balances</b>	<b>(359,098)</b>	<b>(1,087)</b>	<b>432</b>	<b>186,884</b>	<b>9,213</b>	<b>2,225,047</b>
<b>Fund Balances (Deficit) - Beginning of year</b>	<b>2,252,638</b>	<b>(27,681)</b>	<b>91,612</b>	<b>918,409</b>	<b>(9,213)</b>	<b>13,752,381</b>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 1,893,540</b>	<b>\$ (28,768)</b>	<b>\$ 92,044</b>	<b>\$ 1,105,293</b>	<b>\$ -</b>	<b>\$ 15,977,428</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended September 30, 2016

	Debt Service Funds					Debt Service Funds
	Capital Improvements	Courthouse Square	GCCARD Warehouse	Hughes & Hatcher Center	JCI Energy Efficiency Project	2012 Refunding
<b>Revenue</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
Other intergovernmental revenue	-	-	-	-	251,336	-
Charges for services	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Rental income	-	-	-	145,117	-	-
Other	-	-	-	-	-	-
<b>Total revenue</b>	-	-	-	145,117	251,336	-
<b>Expenditures</b>						
Current:						
Administration of justice	-	-	-	-	-	-
Law enforcement and community protection	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Community enrichment and development	-	750	-	850	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	75,000	1,365,000	115,000	50,000	420,000	465,000
Interest on long-term debt	17,046	293,750	26,864	94,268	368,080	102,660
<b>Total expenditures</b>	92,046	1,659,500	141,864	145,118	788,080	567,660
<b>Excess of Revenue Over (Under) Expenditures</b>	(92,046)	(1,659,500)	(141,864)	(1)	(536,744)	(567,660)
<b>Other Financing Sources (Uses)</b>						
Transfers in	92,046	1,659,500	141,864	-	536,744	567,660
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	92,046	1,659,500	141,864	-	536,744	567,660
<b>Net Change in Fund Balances</b>	-	-	-	(1)	-	-
<b>Fund Balances (Deficit) - Beginning of year</b>	-	-	-	55,116	294,348	-
<b>Fund Balances (Deficit) - End of year</b>	\$ -	\$ -	\$ -	\$ 55,115	\$ 294,348	\$ -

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended September 30, 2016

	Debt Service					
	Funds	Capital Projects Fund				
	Total	Capital Improvement	Jail Site Remediation	KRONOS Workforce	Project ERP	Total
Revenue						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Federal grants	-	-	-	-	-	-
Other intergovernmental revenue	251,336	-	-	54,538	596,921	651,459
Charges for services	-	-	-	-	-	-
Interest income	-	-	15	-	-	15
Rental income	145,117	-	-	-	-	-
Other	-	-	-	-	-	-
Total revenue	396,453	-	15	54,538	596,921	651,474
Expenditures						
Current:						
Administration of justice	-	-	-	-	-	-
Law enforcement and community protection	-	-	-	-	-	-
Human services	-	-	-	-	-	-
Community enrichment and development	1,600	-	-	39,699	-	39,699
Capital outlay	-	-	-	-	803,208	803,208
Debt service:						
Principal	2,490,000	-	-	-	-	-
Interest on long-term debt	902,668	-	-	-	-	-
Total expenditures	3,394,268	-	-	39,699	803,208	842,907
Excess of Revenue Over (Under) Expenditures	(2,997,815)	-	15	14,839	(206,287)	(191,433)
Other Financing Sources (Uses)						
Transfers in	2,997,814	-	-	-	60,000	60,000
Transfers out	-	(721,280)	-	-	-	(721,280)
Total other financing sources (uses)	2,997,814	(721,280)	-	-	60,000	(661,280)
Net Change in Fund Balances	(1)	(721,280)	15	14,839	(146,287)	(852,713)
Fund Balances (Deficit) - Beginning of year	349,464	721,280	1,069	(54,538)	-	667,811
Fund Balances (Deficit) - End of year	\$ 349,463	\$ -	\$ 1,084	\$ (39,699)	\$ (146,287)	\$ (184,902)

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued) Nonmajor Governmental Funds Year Ended September 30, 2016

	Total Nonmajor Governmental Funds
<b>Revenue</b>	
Property taxes	\$ 28,983,368
Licenses and permits	238,672
Federal grants	8,219,824
Other intergovernmental revenue	15,587,658
Charges for services	6,015,441
Interest income	133,922
Rental income	145,117
Other	2,171,097
	<hr/>
Total revenue	61,495,099
<b>Expenditures</b>	
Current:	
Administration of justice	11,972,288
Law enforcement and community protection	12,945,725
Human services	32,467,058
Community enrichment and development	8,106,399
Capital outlay	1,793,904
Debt service:	
Principal	2,490,000
Interest on long-term debt	902,668
	<hr/>
Total expenditures	70,678,042
	<hr/>
<b>Excess of Revenue Over (Under) Expenditures</b>	(9,182,943)
<b>Other Financing Sources (Uses)</b>	
Transfers in	18,212,979
Transfers out	(7,657,703)
	<hr/>
Total other financing sources (uses)	10,555,276
	<hr/>
<b>Net Change in Fund Balances</b>	1,372,333
<b>Fund Balances (Deficit) - Beginning of year</b>	14,769,656
	<hr/>
<b>Fund Balances (Deficit) - End of year</b>	<b>\$ 16,141,989</b>
	<hr/>

## Genesee County, Michigan

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### Other Supplemental Information Nonmajor Enterprise Funds Fund Descriptions

**Parks and Recreation Enterprise** - To account for activities of the campgrounds and railroad. The fund records revenue from the warehouse and stern wheeler activities to cover bond costs.

**Commissary Funds** - To account for the accumulated profit from the sale of snack foods and small personal items to inmates and others at the Genesee County Jail.

**Parking Meter Funds** - To account for the accumulated profit from the charging of parking.

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2016

	Parks and Recreation - Enterprise	Commissary	Parking Meter Fund	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,109,921	\$ 133,412	\$ 166,939	\$ 1,410,272
Investments	1,015,967	-	-	1,015,967
Interest and accounts receivable	-	-	6,566	6,566
Receivables - Due from other governmental units	-	-	6,000	6,000
Total current assets	2,125,888	133,412	179,505	2,438,805
Noncurrent assets - Capital assets:				
Assets not subject to depreciation	711,735	-	-	711,735
Assets subject to depreciation	476,665	-	-	476,665
Total assets	3,314,288	133,412	179,505	3,627,205
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	42,616	-	29,136	71,752
Due to other funds	19,192	-	-	19,192
Accrued liabilities and other	25,666	-	57,460	83,126
Total current liabilities	87,474	-	86,596	174,070
Noncurrent liabilities -				
Net OPEB obligation	276,873	-	-	276,873
Total liabilities	364,347	-	86,596	450,943
<b>Net Position</b>				
Net investment in capital assets	1,188,400	-	-	1,188,400
Restricted for parks and recreation -				
Nonexpendable	1,015,967	-	-	1,015,967
Unrestricted	745,574	133,412	92,909	971,895
Total net position	<u>\$ 2,949,941</u>	<u>\$ 133,412</u>	<u>\$ 92,909</u>	<u>\$ 3,176,262</u>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Revenue, Expenses, and Changes in Net Position Nonmajor Enterprise Funds Year Ended September 30, 2016

	Parks and Recreation - Enterprise	Commissary	Parking Meter Fund	Total
<b>Operating Revenue</b>				
Other sales to customers	\$ -	\$ 242,563	\$ 190,661	\$ 433,224
Charges for sales and services	393,676	-	-	393,676
Total operating revenue	393,676	242,563	190,661	826,900
<b>Operating Expenses</b>				
Salaries and fringe benefits	717,656	-	-	717,656
Supplies and other operating expenses	303,948	279,532	398,203	981,683
Depreciation	67,509	-	-	67,509
Total operating expenses	1,089,113	279,532	398,203	1,766,848
<b>Operating Loss</b>	(695,437)	(36,969)	(207,542)	(939,948)
<b>Nonoperating Revenue -</b>				
Investment earnings	50,081	90	-	50,171
<b>Loss - Before transfers</b>	(645,356)	(36,879)	(207,542)	(889,777)
<b>Transfers In</b>	625,000	-	176,000	801,000
<b>Transfers Out</b>	-	(4,102)	-	(4,102)
<b>Change in Net Position</b>	(20,356)	(40,981)	(31,542)	(92,879)
<b>Net Position - Beginning of year</b>	2,970,297	174,393	124,451	3,269,141
<b>Net Position - End of year</b>	<u>\$ 2,949,941</u>	<u>\$ 133,412</u>	<u>\$ 92,909</u>	<u>\$ 3,176,262</u>



# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Nonmajor Enterprise Funds Year Ended September 30, 2016

	Parks and Recreation - Enterprise	Commissary	Parking Meter Fund	Total
<b>Cash Flows from Operating Activities</b>				
Receipts from users	\$ 393,676	\$ 242,563	\$ 260,677	\$ 896,916
Payments to suppliers	(317,931)	(267,574)	(326,079)	(911,584)
Payments to employees	(665,393)	-	(73,080)	(738,473)
Net cash used in operating activities	(589,648)	(25,011)	(138,482)	(753,141)
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from other funds	625,000	-	176,000	801,000
Transfers to other funds	-	(4,102)	-	(4,102)
Repayments of loans from other funds	-	(225,000)	-	(225,000)
Net cash provided by (used in) noncapital financing activities	625,000	(229,102)	176,000	571,898
<b>Cash Flows from Investing Activities -</b>				
Interest received on investments	281	90	-	371
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	35,633	(254,023)	37,518	(180,872)
<b>Cash and Cash Equivalents - Beginning of year</b>	1,074,288	387,435	129,421	1,591,144
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 1,109,921</b>	<b>\$ 133,412</b>	<b>\$ 166,939</b>	<b>\$ 1,410,272</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>				
Operating loss	\$ (695,437)	\$ (36,969)	\$ (207,542)	\$ (939,948)
Adjustments to reconcile operating loss to net cash from operating activities:				
Depreciation and amortization	67,509	-	-	67,509
Changes in assets and liabilities:				
Receivables	-	-	70,016	70,016
Inventories	-	11,958	-	11,958
Accounts payable	(13,983)	-	(1,778)	(15,761)
Accrued and other liabilities	52,263	-	822	53,085
Net cash used in operating activities	<b>\$ (589,648)</b>	<b>\$ (25,011)</b>	<b>\$ (138,482)</b>	<b>\$ (753,141)</b>

# Genesee County, Michigan

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## Other Supplemental Information Internal Service Funds Fund Descriptions

### Administrative Services

**Central Stores** - To account for the cost of office supplies purchased from an outside vendor. These costs are then spread to individual departments at actual costs.

**Administrative Copier** - To provide centralized financial control over most of the duplicating equipment used outside the print shop. Through the purchasing agent, efforts are made to ensure that this equipment is efficiently deployed, properly serviced, reasonably priced, and meets, but does not exceed, departmental needs.

**Microfilm Division** - To provide reasonably priced microfilming service to operating departments in an effort to reduce the pressure on overcrowded storage facilities. Included in the division are various microfilm production and viewing machines plus the requisite staff and supplies for maintaining services to user departments.

**Corporation Counsel** - To advise the County and its departments on issues of a legal nature. Corporation Counsel is further responsible for advising the Board of Commissioners on the legality of proposed decisions or activities and for ensuring the necessary County documents adhere to the prescribed legal formats and standards. This fund was dissolved in the current year and the remaining assets, liabilities, and net position were allocated back to the contributing funds.

**Controller** - To prepare and maintain the County budget, the audit and payment of claims for goods and services to outside vendors and to employees, audit records and accounts of County departments, oversee the design and implementation of accounting and financial systems in the County, and other tasks that are assigned by the Board of Commissioners. This fund was dissolved in the current year and the remaining assets, liabilities, and net position were allocated back to the contributing funds.

**Human Resources** - To maintain all County personnel records; recruiting, testing and hiring employees; administration of fringe benefit programs; and also conducting classification and compensation surveys. The Human Resources Department negotiates labor contracts with County bargaining units and is responsible for grievance resolution and contract administration. This fund was dissolved in the current year and the remaining assets, liabilities, and net position were allocated back to the contributing funds.

**Purchasing** - To authorize all purchase orders of County departments. This includes seeking bids on appropriate items and services, as well as assisting departments in finding vendors and suppliers of specific items. The purchasing agent also administers the County's printing and motor pool departments and is also responsible for the disposal of all used and obsolete items of no further use to the County. This fund was dissolved in the current year and the remaining assets, liabilities, and net position were allocated back to the contributing funds.

# Genesee County, Michigan

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## Other Supplemental Information Internal Service Funds Fund Descriptions (Continued)

**Data Processing** - To provide specific services to individual departments within County government and surrounding municipalities. These include processing of County and retirement payroll, child support checks, and supporting financial information, personnel history files, land descriptions, and delinquent and current tax information. The County Data Processing Department prepares tax rolls and tax bills for virtually all surrounding townships and cities. The cost of these services is charged on the basis of programming, central processor, and operator time incurred providing requested services.

**Employee Unemployment Benefit Trust Fund** - To account for contributions made to the State of Michigan by Genesee County. The contributions will be paid by the State to employees in case of unemployment.

### Vehicles and Equipment

**Motor Pool** - To reduce travel expenses paid to employees who require the use of an automobile while conducting County business. Departments are charged on a per-mile basis. Maintenance and gasoline services are also extended to various government-related organizations outside the County structure.

**Parks and Recreation Vehicle and Equipment** - To account for all activity relating to the operation of the Parks and Recreation motor pool. Other functions of this fund are to purchase, operate, and maintain equipment required for the efficient operation of the Parks and Recreation department.

**Telephone Fund** - To provide centralized control over all payments made to finance the acquisition of a County-owned phone system and payments made to telephone companies. County departments are billed for phone calls made and charges for equipment on a per-phone basis.

### Building and Grounds

**Building and Grounds** - To provide for the maintenance and custodial services for all County-owned buildings. It is also responsible for care of the grounds, landscape, and greenery around County-owned buildings, as well as making all structural changes and facilitating the movement of furniture and fixtures. This fund was dissolved in the current year and the remaining assets, liabilities, and net position were allocated back to the contributing funds.

# **Genesee County, Michigan**

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## **Other Supplemental Information Internal Service Funds Fund Descriptions (Continued)**

### **Self-Insured Medicals**

**Self-Insured Medical** - To provide a funding mechanism for the payment of the costs of pharmaceuticals and medical insurance for County employees. The County contracts with a third-party administrator to provide claims processing with the cost of the claims reimbursed from this fund. The Health Care consulting fund within this internal service fund was dissolved in the current year and the remaining assets, liabilities, and net position were allocated back to the contributing funds.

### **Self-Funded Property/Casualty Program**

**Self-Funded Property/Casualty Program** - To initiate and oversee loss prevention and loss control activities to reduce losses, and to account for all applicable workers' compensation, auto, property, and liability claims.

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Net Position Internal Service Funds September 30, 2016

	Administrative Services	Vehicles and Equipment	Building and Grounds	Self-Insured Medical	Self-Funded Property/ Casualty Program	Total
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 198	\$ 827,000	\$ 943	\$ 686,764	\$ 2,889,072	\$ 4,403,977
Investments	-	-	-	-	7,046,593	7,046,593
Receivables - Interest and accounts receivable	1,408	9,966	-	135	13,358	24,867
Due from other county funds	3,955,378	3,591	9,057	3,090,000	65,274	7,123,300
Inventory	6,374	21,920	-	-	-	28,294
Prepaid expenses and other assets	1,216,322	19,963	-	30,200	234,185	1,500,670
Total current assets	5,179,680	882,440	10,000	3,807,099	10,248,482	20,127,701
Noncurrent - Capital assets:						
Assets not subject to depreciation	-	131,033	-	-	-	131,033
Assets subject to depreciation	383,072	1,709,026	-	-	-	2,092,098
Total noncurrent assets	383,072	1,840,059	-	-	-	2,223,131
Total assets	5,562,752	2,722,499	10,000	3,807,099	10,248,482	22,350,832
<b>Deferred Outflows of Resources -</b>						
Deferred outflows related to pensions	482,086	244,077	-	-	69,778	795,941
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	88,390	45,584	-	1,428,313	18,667	1,580,954
Due to other governmental units	273,629	-	-	-	-	273,629
Due to other funds	6,259,311	827,000	10,000	-	54,474	7,150,785
Accrued liabilities and other	62,953	7,625	-	141,200	7,054	218,832
Compensated absences	3,202,723	-	-	-	-	3,202,723
Current portion of long-term debt	152,254	2,484	-	-	-	154,738
Total current liabilities	10,039,260	882,693	10,000	1,569,513	80,195	12,581,661
Noncurrent liabilities:						
Long-term advance	-	826,051	-	-	-	826,051
Compensated absences	691,009	-	-	-	-	691,009
General, workers' compensation claim, and IBNR liability	-	-	-	-	4,127,380	4,127,380
Net OPEB obligation	710,133	215,806	-	-	-	925,939
Net pension liability	326,046	1,173,870	-	-	335,587	1,835,503
Total noncurrent liabilities	1,727,188	2,215,727	-	-	4,462,967	8,405,882
Total liabilities	11,766,448	3,098,420	10,000	1,569,513	4,543,162	20,987,543
<b>Net Position</b>						
Net investment in capital assets	230,818	1,837,575	-	-	-	2,068,393
Unrestricted (deficit)	(5,952,428)	(1,969,419)	-	2,237,586	5,775,098	90,837
Total net position	\$ (5,721,610)	\$ (131,844)	\$ -	\$ 2,237,586	\$ 5,775,098	\$ 2,159,230

# Genesee County, Michigan

## Other Supplemental Information

### Combining Statement of Revenue, Expenses, and Changes in Net Position

### Internal Service Funds

### Year Ended September 30, 2016

	Administrative Services	Vehicles and Equipment	Building and Grounds	Self-Insured Medical	Self-Funded Property/ Casualty Program	Total
<b>Operating Revenue</b>						
Charges for sales and services	\$ 5,729	\$ -	\$ -	\$ -	\$ -	\$ 5,729
Charges to other funds	3,331,480	1,666,037	-	10,549,977	4,231,210	19,778,704
Total operating revenue	3,337,209	1,666,037	-	10,549,977	4,231,210	19,784,433
<b>Operating Expenses</b>						
Salaries and fringe benefits	577,687	792,031	-	-	(206,090)	1,163,628
Supplies and other operating expenses	2,084,943	1,106,722	-	10,452,281	3,365,707	17,009,653
Depreciation	212,828	518,357	-	-	-	731,185
Total operating expenses	2,875,458	2,417,110	-	10,452,281	3,159,617	18,904,466
<b>Operating Income (Loss)</b>	461,751	(751,073)	-	97,696	1,071,593	879,967
<b>Nonoperating Revenue (Expenses)</b>						
Investment earnings	-	-	-	82	125,873	125,955
Interest expense	-	(278)	-	-	-	(278)
Gain on sale of assets	-	17,669	-	-	214,830	232,499
Total nonoperating revenue	-	17,391	-	82	340,703	358,176
<b>Income (Loss) - Before transfers</b>	461,751	(733,682)	-	97,778	1,412,296	1,238,143
<b>Transfers In</b>	2,518,047	495,007	727,423	24,670	7,698	3,772,845
<b>Transfers Out</b>	(620,757)	(984)	-	(24,670)	-	(646,411)
<b>Change in Net Position</b>	2,359,041	(239,659)	727,423	97,778	1,419,994	4,364,577
<b>Net Position - Beginning of year</b>	(8,080,651)	107,815	(727,423)	2,139,808	4,355,104	(2,205,347)
<b>Net Position - End of year</b>	<u>\$ (5,721,610)</u>	<u>\$ (131,844)</u>	<u>\$ -</u>	<u>\$ 2,237,586</u>	<u>\$ 5,775,098</u>	<u>\$ 2,159,230</u>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds Year Ended September 30, 2016

	Administrative Services	Vehicles and Equipment	Building and Grounds	Self-Insured Medical	Self-Funded Property/ Casualty Program	Total
<b>Cash Flows from Operating Activities</b>						
Receipts from users	\$ 3,245,642	\$ 1,666,037	\$ (54,053)	\$ 10,560,744	\$ 4,197,397	\$ 19,615,767
Receipts from interfund services and reimbursements	178,699	1,621	210,943	(1,600,767)	(31,267)	(1,240,771)
Payments to suppliers	(3,064,481)	(1,076,272)	(77,408)	(9,647,581)	(3,384,279)	(17,250,021)
Payments to employees	(5,339,977)	(271,295)	(1,510,547)	-	(167,567)	(7,289,386)
Internal activity - Payments to other funds	3,203,818	827,000	10,000	-	54,032	4,094,850
Claims paid	-	-	-	-	214,564	214,564
Other receipts (payments)	5,709	(991)	536	-	37,831	43,085
Net cash (used in) provided by operating activities	(1,770,590)	1,146,100	(1,420,529)	(687,604)	920,711	(1,811,912)
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers from other funds	2,518,047	495,007	727,423	-	7,698	3,748,175
Transfers to other funds	(620,757)	(984)	-	-	-	(621,741)
Repayments of loans from other funds	-	(250,507)	-	-	-	(250,507)
Net cash provided by noncapital financing activities	1,897,290	243,516	727,423	-	7,698	2,875,927
<b>Cash Flows from Capital and Related Financing Activities</b>						
Proceeds from sales of capital assets	23,577	25,603	689,560	-	214,830	953,570
Purchase of capital assets	-	(583,583)	-	-	-	(583,583)
Principal and interest paid on capital debt	(150,079)	(4,636)	-	-	-	(154,715)
Net cash (used in) provided by capital and related financing activities	(126,502)	(562,616)	689,560	-	214,830	215,272
<b>Cash Flows from Investing Activities</b>						
Interest received on investments	-	-	-	-	125,873	125,873
Proceeds from sale and maturities of investment securities	-	-	-	(53)	816,318	816,265
Net cash (used in) provided by investing activities	-	-	-	(53)	942,191	942,138
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	198	827,000	(3,546)	(687,657)	2,085,430	2,221,425
<b>Cash and Cash Equivalents - Beginning of year</b>	-	-	4,489	1,374,421	803,642	2,182,552
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 198</u>	<u>\$ 827,000</u>	<u>\$ 943</u>	<u>\$ 686,764</u>	<u>\$ 2,889,072</u>	<u>\$ 4,403,977</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>						
Cash and investments	\$ 198	\$ 827,000	\$ 943	\$ 686,764	\$ 9,935,665	\$ 11,450,570
Less amounts classified as investments	-	-	-	-	(7,046,593)	(7,046,593)
<b>Total cash and cash equivalents</b>	<u>\$ 198</u>	<u>\$ 827,000</u>	<u>\$ 943</u>	<u>\$ 686,764</u>	<u>\$ 2,889,072</u>	<u>\$ 4,403,977</u>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Cash Flows Internal Service Funds (Continued) Year Ended September 30, 2016

	Administrative Services	Vehicles and Equipment	Building and Grounds	Self-Insured Medical	Self-Funded Property/ Casualty Program	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>						
Operating income (loss)	\$ 461,751	\$ (751,073)	\$ -	\$ 97,696	\$ 1,071,593	\$ 879,967
Adjustments to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	212,828	518,357	-	-	-	731,185
Changes in assets and liabilities:						
Receivables	5,709	(991)	(53,517)	-	37,831	(10,968)
Due from others	87,132	1,621	210,943	(1,590,000)	(65,080)	(1,355,384)
Inventories	(5,674)	24,328	-	-	-	18,654
Prepaid and other assets	(903,541)	(9,429)	-	34,571	(21,745)	(900,144)
Accounts payable	(70,323)	15,551	(77,408)	770,129	3,173	641,122
Due to others	3,203,818	827,000	10,000	-	54,032	4,094,850
Estimated claims liability	-	-	-	-	214,564	214,564
Accrued and other liabilities	(4,762,290)	520,736	(1,510,547)	-	(373,657)	(6,125,758)
Net cash (used in) provided by operating activities	<u>\$ (1,770,590)</u>	<u>\$ 1,146,100</u>	<u>\$ (1,420,529)</u>	<u>\$ (687,604)</u>	<u>\$ 920,711</u>	<u>\$ (1,811,912)</u>



## Genesee County, Michigan

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### Other Supplemental Information Fiduciary Funds Fund Descriptions

**Pension Trust Fund** - To account for the contributions to the defined benefit plan that provides for pension and disability benefits for most Genesee County employees.

**Employees Fringe Benefits Fund** - To account for funds set aside in previous years and cost savings related to a lower cost Defined Contribution Plan with the intent to accumulate adequate funds to defray part of the cost of retiree medical benefits in future years. This fund was transferred to a VEBA in late 2004 with the intent of using these dollars for the compliance with the new GASB OPEB requirements.

**Trust and Agency Funds** - To account for the collection and payment of property taxes to other taxing units, as well as other payments that are held for other governmental entities.

**Library Penal Fines Agency** - To account for the collection of library penal fines and the distribution to applicable other entities.

# Genesee County, Michigan

## Other Supplemental Information Statement of Fiduciary Net Position Fiduciary Funds September 30, 2016

	Pension and Other Employee Benefit Trust Funds		
	Pension Trust		Total
	Fund	Employees'	
	Retirement 12/31/15	Fringe Benefit (VEBA)	
<b>Assets</b>			
Cash and cash equivalents	\$ 18,313,697	\$ -	\$ 18,313,697
Investments:			
Money market funds	-	1,508,449	1,508,449
U.S. government securities	34,934,921	676,186	35,611,107
Foreign governments and agencies	8,405,165	417,216	8,822,381
Preferred stock	33,267	-	33,267
Foreign equity	73,382,676	-	73,382,676
Partnerships publicly traded	-	2,104,981	2,104,981
Common stock	106,555,398	12,801,796	119,357,194
Corporate bonds	34,461,131	4,697,032	39,158,163
Real estate limited partnerships	36,933,256	4,264,514	41,197,770
Mutual funds	21,758,063	6,589,318	28,347,381
Hedge fund-of-funds	95,242,133	-	95,242,133
Cash and investments held as collateral for securities lending:			
Negotiable CDs	4,760,542	-	4,760,542
Corporate bonds	206,930	-	206,930
Receivables:			
Interest and accounts receivable	907,016	142,583	1,049,599
Loan receivable	627,930	8,389	636,319
Bond proceeds receivable	248,665	-	248,665
Prepaid expenses and other assets	5,350	225,900	231,250
Total assets	436,776,140	33,436,364	470,212,504
<b>Liabilities</b>			
Accounts payable	453,097	770,812	1,223,909
IBNR liability	-	988,500	988,500
Obligations under securities lending agreements	4,967,472	-	4,967,472
Accounts payable - Pending trades	8,169,342	-	8,169,342
Total liabilities	13,589,911	1,759,312	15,349,223
<b>Net Position Held in Trust for Pension and Other Employee Benefits</b>	<b>\$ 423,186,229</b>	<b>\$ 31,677,052</b>	<b>\$ 454,863,281</b>

# Genesee County, Michigan

## Other Supplemental Information Combining Statement of Changes in Fiduciary Net Position Fiduciary Funds Year Ended September 30, 2016

	Pension Trust Fund Retirement 12/31/15	Employees' Fringe Benefit (VEBA)	Total
<b>Additions</b>			
Investment income (loss):			
Interest and dividends	\$ 8,720,422	\$ 1,932,212	\$ 10,652,634
Net increase (decrease) in fair value of investments	(1,724,976)	1,245,242	(479,734)
Investment-related expenses	(1,646,493)	(180,159)	(1,826,652)
Net investment income (loss)	5,348,953	2,997,295	8,346,248
Securities lending income - Interest and dividends	45,051	-	45,051
Contributions:			
Employer	17,112,858	7,946,440	25,059,298
Plan members	2,550,572	904,369	3,454,941
Net contributions	19,663,430	8,850,809	28,514,239
Total additions	25,057,434	11,848,104	36,905,538
<b>Deductions</b>			
Benefits	44,528,193	15,652,058	60,180,251
Refunds of contributions	360,047	-	360,047
Transfer to other pension plans	1,121,784	-	1,121,784
Administrative expenses	480,929	322,318	803,247
Total deductions	46,490,953	15,974,376	62,465,329
<b>Net Decrease in Net Position Held in Trust</b>	(21,433,519)	(4,126,272)	(25,559,791)
<b>Net Position Held in Trust for Pension and Other Employee Benefits - Beginning of year</b>	444,619,748	35,803,324	480,423,072
<b>Net Position Held in Trust for Pension and Other Employee Benefits - End of year</b>	<u>\$ 423,186,229</u>	<u>\$ 31,677,052</u>	<u>\$ 454,863,281</u>

# Genesee County, Michigan

## Other Supplemental Information Statement of Changes in Assets and Liabilities Trust and Agency Funds Year Ended September 30, 2016

	Balance at October 1, 2015	Additions	Reductions	Balance at September 30, 2016
<b>Trust and Agency</b>				
<b>Assets</b>				
Cash and investments	\$ 17,181,134	\$ 111,713,434	\$ (105,565,989)	\$ 23,328,579
Accounts receivable	970	12,670	(13,106)	534
Total assets	<u>\$ 17,182,104</u>	<u>\$ 111,726,104</u>	<u>\$ (105,579,095)</u>	<u>\$ 23,329,113</u>
<b>Liabilities - Accounts payable</b>	<u>\$ 17,182,104</u>	<u>\$ 200,708,290</u>	<u>\$ (194,561,281)</u>	<u>\$ 23,329,113</u>
	Balance at October 1, 2015	Additions	Reductions	Balance at September 30, 2016
<b>Library Penal Fine</b>				
<b>Assets - Cash and investments</b>	<u>\$ 99,141</u>	<u>\$ 464,987</u>	<u>\$ (469,738)</u>	<u>\$ 94,390</u>
<b>Liabilities - Due to other governmental units</b>	<u>\$ 99,141</u>	<u>\$ 1,425,310</u>	<u>\$ (1,430,061)</u>	<u>\$ 94,390</u>

# Genesee County, Michigan

## Other Supplemental Information Component Unit - Brownfield Authority Fund Based Balance Sheet September 30, 2016

	Brownfield Authority	Full Accrual Adjustments	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 111,670	\$ -	\$ 111,670
Current loan receivable	225,000	-	225,000
Long-term loan receivable	1,800,000	-	1,800,000
Total assets	2,136,670	-	2,136,670
<b>Liabilities</b>			
Accrued liabilities and other -			
Accrued interest payable	-	233,583	233,583
Funds held in escrow	225,000	-	225,000
Long-term debt	-	11,876,204	11,876,204
Total liabilities	225,000	12,109,787	12,334,787
<b>Deferred Inflows of Resources -</b>			
Other deferred inflows	2,025,000	(2,025,000)	-
<b>Fund Balance (Deficit)</b>	<b>\$ (113,330)</b>	<b>-</b>	
<b>Net Position</b>		<b>\$ (10,084,787)</b>	<b>\$ (10,198,117)</b>

# Genesee County, Michigan

## Other Supplemental Information Component Unit - Brownfield Authority Fund Based Schedule of Revenues and Expenditures Year Ended September 30, 2016

	Brownfield Authority	Full Accrual Adjustments	Total
<b>Revenue</b>			
Charges for services	\$ 283,280	\$ -	\$ 283,280
Interest income	53	-	53
Other	486,857	(225,000)	261,857
Total revenue	770,190	(225,000)	545,190
<b>Expenditures - Current</b>			
Principal	295,000	(295,000)	-
Interest	584,196	(40,307)	543,889
Other	750	-	750
Total expenditures	879,946	(335,307)	544,639
<b>Operating (Loss) Income</b>	(109,756)	110,307	551
<b>Fund Balance/Net Position (Deficit) - Beginning of year</b>	(3,574)	(10,195,094)	(10,198,668)
<b>Fund Balance/Net Position (Deficit) - End of year</b>	<u>\$ (113,330)</u>	<u>\$ (10,084,787)</u>	<u>\$ (10,198,117)</u>

# Genesee County, Michigan

## Other Supplemental Information Component Unit - Drain Special Assessment Fund Based Balance Sheet September 30, 2016

	SA-Capital Projects	Drains Internal Service Funds	Drains Chapter 20 Debt and Capital Projects	Full Accrual Adjustments	Total
<b>Assets</b>					
Cash and cash equivalents	\$ 1,794,796	\$ 1,206,182	\$ 441,942	\$ -	\$ 3,442,920
Investments	-	-	202,252	-	202,252
Receivables - Special assessments receivable	1,179,695	-	-	-	1,179,695
Inventory	-	47,598	-	-	47,598
Capital assets:					
Assets not subject to depreciation	-	-	-	323,926	323,926
Assets subject to depreciation	-	253,002	-	16,739,314	16,992,316
Total assets	2,974,491	1,506,782	644,194	17,063,240	22,188,707
<b>Liabilities</b>					
Accounts payable	257,284	1,978	-	-	259,262
Due to primary government	50,000	-	-	-	50,000
Accrued liabilities and other	-	17,615	-	25,078	42,693
Long-term debt	-	-	-	2,661,756	2,661,756
Total liabilities	307,284	19,593	-	2,686,834	3,013,711
<b>Deferred Inflows of Resources</b>	1,158,690	-	-	(1,158,690)	-
<b>Fund Balance</b>	<u>\$ 1,508,517</u>	<u>\$ 1,487,189</u>	<u>\$ 644,194</u>	<u>-</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets				14,401,484	14,654,486
Unrestricted				1,133,612	4,520,510
Total net position				<u>\$ 15,535,096</u>	<u>\$ 19,174,996</u>

# Genesee County, Michigan

## Other Supplemental Information Component Unit - Drain Special Assessment Fund Based Schedule of Revenues and Expenditures Year Ended September 30, 2016

	SA-Capital Projects	Drains Internal Service Funds	Drains Chapter 20 Debt and Capital Projects	Full Accrual Adjustments	Total
<b>Revenue</b>					
Property taxes	\$ 1,022,210	\$ -	\$ -	\$ 1,158,690	\$ 2,180,900
Charges for services	-	713,702	-	-	713,702
Interest income	80	-	334	-	414
Other	44,277	-	-	-	44,277
Total revenue	1,066,567	713,702	334	1,158,690	2,939,293
<b>Expenditures - Current</b>					
Drains	4,677,631	795,634	-	542,717	6,015,982
Interest expense	65,289	-	-	-	65,289
Principal payments	1,364,519	-	-	(1,364,519)	-
Depreciation	-	70,665	-	2,154,300	2,224,965
Total expenditures	6,107,439	866,299	-	1,332,498	8,306,236
<b>Surplus (Shortfall)</b>	(5,040,872)	(152,597)	334	(173,808)	(5,366,943)
<b>Bond Proceeds</b>	1,100,000	-	-	(1,100,000)	-
<b>Change in Fund Balance/Net Position</b>	(3,940,872)	(152,597)	334	(1,273,808)	(5,366,943)
<b>Fund Balance/Net Position - Beginning of year</b>	5,449,389	1,639,786	643,860	16,808,904	24,541,939
<b>Fund Balance/Net Position - End of year</b>	<u>\$ 1,508,517</u>	<u>\$ 1,487,189</u>	<u>\$ 644,194</u>	<u>\$ 15,535,096</u>	<u>\$ 19,174,996</u>



# Genesee County, Michigan

## Other Supplemental Information Component Unit - Economic Development Corporation Fund Based Balance Sheet September 30, 2016

	EDC Modified Accrual Funds	Full Accrual Adjustments	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 129,334	\$ -	\$ 129,334
Receivables:			
Interest and accounts receivable	2,378	-	2,378
Loan receivable	81,361	-	81,361
Restricted cash and cash equivalents	584,178	-	584,178
Total assets	<u>\$ 797,251</u>	<u>-</u>	<u>797,251</u>
<b>Liabilities</b>			
Accounts payable	\$ 1,008	-	1,008
Due to other governmental units	27,701	-	27,701
Total liabilities	28,709	-	28,709
<b>Deferred Inflows of Resources -</b>			
Unavailable revenue	81,361	(81,361)	-
<b>Equity</b>			
Fund balance:			
Restricted	683,231	81,361	
Unassigned	3,950	-	
Total fund balance	687,181	81,361	
Total liabilities, deferred inflows, and fund balance	<u>\$ 768,542</u>		
<b>Net Position</b>		<u>\$ -</u>	<u>\$ 768,542</u>

# Genesee County, Michigan

## Other Supplemental Information Component Unit - Economic Development Corporation Fund Based Schedule of Revenues and Expenditures Year Ended September 30, 2016

	EDC Modified Accrual Funds	Full Accrual Adjustments	Total
<b>Revenue</b>			
County contribution	\$ 6,500	\$ -	\$ 6,500
Interest income	23,048	3,252	26,300
Total revenue	29,548	3,252	32,800
<b>Expenditures - Current -</b>			
Economic development	13,832	-	13,832
<b>Change in Fund Balance/Net Position</b>	15,716	3,252	18,968
<b>Fund Balance/Net Position - Beginning of year</b>	671,465	78,109	749,574
<b>Fund Balance/Net Position - End of year</b>	<b>\$ 687,181</b>	<b>\$ 81,361</b>	<b>\$ 768,542</b>

## **Statistical Section**

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

### Contents

#### Financial Trends:

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

#### Revenue Capacity:

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

#### Debt Capacity:

These schedules contain information to help the reader assess the affordability of the County's current levels of outstanding debt, and the County's ability to issue additional debt in the future.

#### Demographic Information:

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

#### Operating Information:

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

# Genesee County, Michigan

## Financial Trend Information Net Position by Component

### Net Position by Component

	As of September 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016*
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 64,134,346	\$ 69,465,773	\$ 69,993,382	\$ 37,466,131	\$ 64,580,883	\$ 69,930,626	\$ 71,579,693	\$ 67,667,449	\$ 66,540,287	\$ 65,043,569
Restricted	41,013,071	31,787,518	11,717,237	20,241,229	18,852,892	23,010,572	19,786,947	20,803,376	22,991,275	20,667,188
Unrestricted	53,409,520	46,266,553	55,427,522	48,973,673	41,178,928	32,695,359	6,226,971	(3,415,181)	(109,668,189)	(159,938,403)
Total net position	158,556,937	147,519,844	137,138,141	106,681,033	124,612,703	125,636,557	97,593,611	85,055,644	(20,136,627)	(74,227,646)
<b>Business-type Activities</b>										
Net investment in capital assets	4,843,600	4,762,075	4,650,120	4,555,525	3,972,895	3,815,056	3,313,080	3,202,759	4,068,658	4,000,509
Restricted	7,899,456	8,231,695	7,284,048	10,444,490	10,177,613	10,816,391	11,294,215	13,668,160	13,674,949	12,100,057
Unrestricted	7,285,666	5,927,406	6,763,931	793,135	2,783,554	4,521,162	7,266,391	7,419,605	6,755,133	8,456,758
Total net position	20,028,722	18,921,176	18,698,099	15,793,150	16,934,062	19,152,609	21,873,686	24,290,524	24,498,740	24,557,324
<b>Primary Government in Total</b>										
Net investment in capital assets	68,977,946	74,227,848	74,643,502	42,021,656	68,553,778	73,745,682	74,892,773	70,870,208	70,608,945	69,044,078
Restricted	48,912,527	40,019,213	19,001,285	30,685,719	29,030,505	33,826,963	31,081,162	34,471,536	36,666,224	32,767,245
Unrestricted	60,695,186	52,193,959	62,191,453	49,766,808	43,962,482	37,216,521	13,493,362	4,004,424	(102,913,056)	(151,481,645)
Total net position	<u>\$ 178,585,659</u>	<u>\$ 166,441,020</u>	<u>\$ 155,836,240</u>	<u>\$ 122,474,183</u>	<u>\$ 141,546,765</u>	<u>\$ 144,789,166</u>	<u>\$ 119,467,297</u>	<u>\$ 109,346,168</u>	<u>\$ 4,362,113</u>	<u>\$ (49,670,322)</u>

\* This year includes the adoption of GASB 68; prior periods have not been restated

# Genesee County, Michigan

## Financial Trend Information Changes in Governmental Net Position

### Changes in Governmental Net Position

	As of September 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016*
<b>Expenses</b>										
Legislative	\$ 1,069,833	\$ 1,214,248	\$ 1,017,849	\$ 696,041	\$ 628,524	\$ 1,023,886	\$ 981,519	\$ 926,118	\$ 1,920,677	\$ 3,856,292
Management and planning	23,725,214	24,039,638	20,134,241	11,411,258	7,574,679	5,302,148	12,901,085	12,916,484	10,057,818	21,992,843
Administration of justice	39,276,030	41,936,773	40,753,810	39,946,657	37,138,790	40,587,961	38,949,070	40,391,800	41,352,242	51,834,819
Law enforcement and community protection	34,905,596	38,116,364	37,980,488	38,882,911	33,125,467	32,423,243	36,508,812	37,144,127	40,604,622	62,526,245
Human services	233,155,128	242,401,247	258,530,717	266,815,618	265,888,570	242,432,706	130,931,244	78,030,826	92,040,083	84,712,302
Community enrichment and development	9,609,647	10,089,211	9,062,996	20,266,580	19,144,172	17,005,313	16,255,901	21,619,139	13,134,199	12,097,053
General support services	278,423	280,225	244,885	140,579	84,645	-	-	-	-	-
Interest on long-term debt	1,400,466	1,392,532	1,375,967	1,172,487	1,194,751	1,361,032	1,101,895	1,130,701	1,062,301	902,668
Total governmental activities	343,420,337	359,470,238	369,100,953	379,332,131	364,779,598	340,136,289	237,629,526	192,159,195	200,171,942	237,922,222
<b>Program Revenue</b>										
Charges for services:										
Management and planning	4,648,102	4,837,484	4,163,514	4,360,168	4,741,877	5,167,630	4,993,877	5,529,950	5,155,908	5,128,133
Administration of justice	4,994,718	5,155,752	5,023,773	4,222,465	6,931,157	4,037,271	4,853,624	6,138,354	6,080,395	7,365,169
Law enforcement and community protection	1,916,284	1,810,730	1,713,565	1,573,787	1,663,333	2,127,347	1,775,139	2,400,755	2,278,905	2,359,546
Human services	83,688,901	97,169,192	105,029,552	115,428,765	126,176,244	113,750,135	26,945,416	3,466,719	3,562,013	3,865,202
Community enrichment and development	1,334,426	2,244,379	2,346,760	2,414,531	2,193,851	2,197,367	4,436,810	4,358,118	2,608,015	4,251,501
Legislative	-	-	-	-	103,791	52,505	51,762	-	-	-
Total charges for services	96,582,431	111,217,537	118,277,164	127,999,716	141,810,253	127,332,255	43,056,628	21,893,896	19,685,236	22,969,551
Operating grants and contributions	110,619,729	108,102,706	121,062,036	128,746,641	105,673,071	113,688,537	81,285,904	54,456,149	72,908,386	60,451,243
Capital grants and contributions	1,995,000	1,960,000	-	-	-	-	-	-	54,538	54,538
Total program revenue	209,197,160	221,280,243	239,339,200	256,746,357	247,483,324	241,020,792	124,342,532	76,350,045	92,648,160	83,475,332
Net expense	(134,223,177)	(138,189,995)	(129,761,753)	(122,585,774)	(117,296,274)	(99,115,497)	(113,286,994)	(115,809,150)	(107,523,782)	(154,446,890)
<b>General Revenue</b>										
Taxes:										
Current property taxes	111,592,675	93,344,562	91,550,851	82,135,572	73,570,141	71,117,579	69,503,562	68,707,461	75,444,697	76,254,203
State liquor tax	2,254,464	2,439,661	2,327,635	2,339,105	2,377,680	2,840,464	3,263,945	3,597,131	3,764,943	2,021,920
State cigarette tax	257,589	210,485	149,948	108,601	72,008	7,514,973	22,524	16,946	-	-
Use of money and investments	4,132,787	3,040,092	2,340,338	741,489	614,576	988,717	504,347	471,242	293,780	1,198,970
Other unrestricted intergovernmental revenue	19,274,036	18,874,190	14,013,688	7,889,596	13,669,465	3,915,651	16,031,090	20,830,071	9,865,339	9,982,658
Other unrestricted revenue	6,460,995	3,697,846	4,455,444	9,179,669	9,503,826	8,398,465	8,173,635	4,825,964	2,229,713	6,695,018
Total general revenue	143,972,546	121,606,836	114,837,904	102,394,032	99,807,696	94,775,849	97,499,103	98,448,815	91,598,472	96,152,769
Special item - Transfer of operations to Genesee Health Services	-	-	-	-	-	-	(17,467,946)	-	-	-
Transfers in	4,810,130	3,878,982	4,549,503	9,975,187	5,628,063	5,687,129	4,889,264	4,822,368	3,982,800	4,203,102
Total change in net position	14,559,499	(12,704,177)	(10,374,346)	(10,216,555)	(11,860,515)	1,347,481	(28,366,573)	(12,537,967)	(11,942,510)	(54,091,019)
Net position - Beginning of year	143,997,438	160,224,021	147,512,487	146,897,588	136,473,218	124,612,703	125,960,184	97,593,611	(8,194,117)	(20,136,627)
Net position - End of year	<u>\$ 158,556,937</u>	<u>\$ 147,519,844</u>	<u>\$ 137,138,141</u>	<u>\$ 136,681,033</u>	<u>\$ 124,612,703</u>	<u>\$ 125,960,184</u>	<u>\$ 97,593,611</u>	<u>\$ 85,055,644</u>	<u>\$ (20,136,627)</u>	<u>\$ (74,227,646)</u>

\* This year includes the adoption of GASB 68; prior periods have not been restated

# Genesee County, Michigan

## Financial Trend Information Changes in Business-type Net Position

### Changes in Business Type Net Position

	As of September 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenue</b>										
Charges for services:										
Commissary	\$ 490,221	\$ 506,601	\$ 534,613	\$ 566,448	\$ 530,954	\$ 534,150	\$ 534,689	\$ 463,231	\$ 235,294	\$ 242,563
Delinquent tax	6,659,293	9,478,156	10,814,957	12,173,759	11,492,245	13,231,301	12,727,040	12,919,058	10,390,672	11,370,175
Parks and recreation enterprise	1,419,368	683,320	296,384	275,921	282,369	328,714	353,734	463,458	334,853	393,676
Parking Meter	-	-	-	-	92,318	84,909	322,516	304,109	336,218	190,661
Total revenue	8,568,882	10,668,077	11,645,954	13,016,128	12,397,886	14,179,074	13,937,979	14,149,856	11,297,037	12,197,075
<b>Expenses</b>										
Commissary	297,833	325,880	351,625	371,173	354,096	323,556	340,779	268,348	56,591	279,532
Delinquent tax	3,914,658	5,009,045	5,739,360	5,237,615	4,147,737	5,113,306	4,757,339	5,284,078	5,240,349	6,243,386
Parks and recreation enterprise	1,654,706	1,094,510	865,909	862,088	1,282,486	888,622	951,103	1,078,445	976,582	1,089,113
Parking Meter	-	-	-	-	71,042	65,795	349,854	368,222	368,521	398,203
Total operating expenses	5,867,197	6,429,435	6,956,894	6,470,876	5,855,361	6,391,279	6,399,075	6,999,093	6,642,043	8,010,234
Net revenue	<b>\$ 2,701,685</b>	<b>\$ 4,238,642</b>	<b>\$ 4,689,060</b>	<b>\$ 6,545,252</b>	<b>\$ 6,542,525</b>	<b>\$ 7,787,795</b>	<b>\$ 7,538,904</b>	<b>\$ 7,150,763</b>	<b>\$ 4,654,994</b>	<b>\$ 4,186,841</b>

# Genesee County, Michigan

## Financial Trend Information Fund Balances - Governmental Funds

### Fund Balances, Governmental Funds

Last 10 Fiscal Years

	As of September 30									
	2007	2008	2009	2010	2011*	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 3,887,892	\$ 4,148,176	\$ 3,757,229	\$ 3,219,465	-	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	7,501,262	6,780,668	1,071,157	7,955,013	-	-	-	-	-	-
Nonspendable	-	-	-	-	3,141,810	2,671,645	1,861,499	1,539,724	1,093,416	901,253
Assigned	-	-	-	-	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Unassigned	-	-	-	-	7,667,575	8,074,634	9,455,182	10,967,280	15,964,753	23,162,601
Total General Fund	<u>\$ 11,389,154</u>	<u>\$ 10,928,844</u>	<u>\$ 4,828,386</u>	<u>\$ 11,174,478</u>	<u>11,809,385</u>	<u>\$ 11,746,279</u>	<u>\$ 12,316,681</u>	<u>\$ 13,507,004</u>	<u>\$ 18,058,169</u>	<u>\$ 25,063,854</u>
All other governmental funds:										
Reserved	\$ 32,511,561	\$ 32,653,060	\$ 520,606	\$ 3,300,415	-	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	33,675,733	20,259,026	36,333,372	35,401,231	-	-	-	-	-	-
Nonspendable	-	-	-	-	3,888,383	4,677,877	3,051,523	2,727,937	1,480,549	1,051,016
Restricted	-	-	-	-	13,168,565	7,625,603	5,481,383	5,538,687	8,440,561	6,601,010
Committed	-	-	-	-	84,974	74,994	74,994	74,994	-	220,000
Assigned	-	-	-	-	24,514,865	25,202,726	12,207,333	12,584,271	8,715,520	12,810,724
Unassigned (deficit)	-	-	-	-	(4,345,283)	(3,128,671)	(3,154,533)	(6,614,073)	(925,418)	(4,755,959)
Total all other governmental funds	<u>\$ 66,187,294</u>	<u>\$ 52,912,086</u>	<u>\$ 36,853,978</u>	<u>\$ 38,701,646</u>	<u>\$ 37,311,504</u>	<u>\$ 34,452,529</u>	<u>\$ 17,660,700</u>	<u>\$ 14,311,816</u>	<u>\$ 17,711,212</u>	<u>\$ 15,926,791</u>

\* The classifications of fund balance were changed in 2011 due to the implementation of GASB 54.



# Genesee County, Michigan

## Financial Trend Information Changes in Fund Balances - Governmental Funds

### Changes in Fund Balances, Governmental Funds Last 10 Fiscal Years

	Year Ended September 30									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenue</b>										
Taxes	\$ 110,748,784	\$ 96,475,936	\$ 84,534,288	\$ 85,251,366	\$ 75,599,656	\$ 71,952,310	\$ 69,701,002	\$ 69,525,911	\$ 74,540,294	\$ 76,647,744
Licenses and permits	1,463,997	1,514,703	1,759,640	1,694,977	1,827,107	1,924,672	1,948,321	2,014,825	1,816,567	1,819,346
Fines and forfeitures	2,715,541	2,190,518	2,139,682	1,971,211	1,822,574	1,661,433	1,669,634	1,426,368	1,487,348	1,659,790
Use of money and property	4,394,915	3,309,684	1,173,100	741,489	439,887	988,717	504,347	471,242	1,185,555	2,089,898
Federal grants	63,486,445	53,919,149	64,989,753	86,579,730	73,284,999	71,737,757	58,443,265	40,651,335	49,069,871	29,068,426
State grants	47,133,284	54,183,557	56,072,284	38,180,819	31,189,792	32,395,619	19,542,617	12,630,290	18,272,630	17,014,864
Other intergovernmental revenue	6,733,314	8,069,683	8,159,750	8,803,198	19,673,487	16,372,713	20,195,582	23,255,513	23,525,246	24,252,389
Charges for services	96,582,431	111,217,537	116,804,045	127,999,717	135,766,503	125,661,111	46,014,914	17,357,455	15,562,682	18,514,458
Other	13,876,995	11,822,662	9,740,510	9,864,457	7,031,866	8,052,652	8,709,303	4,882,479	3,087,187	7,383,624
<b>Total revenue</b>	<b>\$347,135,706</b>	<b>342,703,429</b>	<b>345,373,052</b>	<b>361,086,964</b>	<b>346,635,871</b>	<b>330,746,984</b>	<b>226,728,985</b>	<b>172,215,418</b>	<b>188,547,380</b>	<b>178,450,539</b>
<b>Expenditures</b>										
Current:										
Legislative	1,074,904	1,211,126	902,798	902,798	1,077,329	947,599	922,513	871,194	849,702	489,402
Management and planning	11,746,542	13,061,601	8,778,867	8,778,867	8,344,975	7,868,993	7,693,035	7,740,566	8,567,506	15,079,134
Administration of justice	39,616,056	41,179,919	38,628,589	38,215,218	36,793,682	35,741,313	35,176,495	35,536,901	35,642,835	34,833,859
Law enforcement and community protection	34,349,956	36,662,783	36,543,125	36,125,761	36,139,028	34,229,888	33,448,876	33,316,690	34,478,930	35,062,843
Human services	227,256,969	242,138,776	258,536,374	260,262,424	245,420,861	232,854,546	121,784,023	69,853,272	87,725,494	74,892,870
Community enrichment and development	6,762,148	7,140,903	8,818,413	15,642,043	13,284,627	14,570,111	19,050,134	21,736,676	12,543,301	12,379,565
General support services	278,953	279,291	133,851	133,851	154,581	-	-	-	-	-
Debt service:										
Principal	2,536,000	2,599,000	2,711,000	2,944,500	1,899,500	2,289,500	2,365,000	2,340,000	2,420,000	2,490,000
Interest	1,544,866	1,496,932	1,438,967	1,172,487	1,194,751	1,489,810	1,249,358	1,130,701	1,018,801	902,668
Other	13,447,187	8,954,222	5,139,994	4,996,815	8,025,625	3,902,366	3,334,646	4,208,107	-	-
Capital outlay	2,004,138	1,145,240	3,552,291	1,830,924	7,437,431	4,417,263	3,549,562	503,213	175,051	2,141,777
<b>Total expenditures</b>	<b>340,617,719</b>	<b>355,869,793</b>	<b>365,184,269</b>	<b>371,005,688</b>	<b>359,772,390</b>	<b>338,311,389</b>	<b>228,573,642</b>	<b>177,237,320</b>	<b>183,421,620</b>	<b>178,272,118</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>6,517,987</b>	<b>(13,166,364)</b>	<b>(19,811,217)</b>	<b>(9,918,724)</b>	<b>(13,136,519)</b>	<b>(7,564,405)</b>	<b>(1,844,657)</b>	<b>(5,021,902)</b>	<b>5,125,760</b>	<b>178,421</b>
<b>Other Financing Sources (Uses)</b>										
Debt issuance	-	-	1,150,000	-	9,015,784	4,830,000	-	-	-	-
Payment to refund bond escrow	-	-	-	-	-	(4,895,805)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	1,000
Transfers in	72,052,311	73,025,131	71,978,284	73,489,202	61,047,758	36,985,768	28,960,116	28,066,505	28,192,444	30,299,798
Transfers out	(68,010,760)	(70,417,354)	(62,187,903)	(66,299,852)	(57,474,443)	(32,645,268)	(25,501,311)	(25,203,164)	(25,367,643)	(25,257,955)
<b>Total other financing sources</b>	<b>4,041,551</b>	<b>2,607,777</b>	<b>10,940,381</b>	<b>7,189,350</b>	<b>12,589,099</b>	<b>4,274,695</b>	<b>3,458,805</b>	<b>2,863,341</b>	<b>2,824,801</b>	<b>5,042,843</b>
Special item - Transfer of operations to Genesee Health System	-	-	-	-	-	-	(17,467,946)	-	-	-
<b>Net change in fund balances</b>	<b>10,559,538</b>	<b>(10,558,587)</b>	<b>(8,870,836)</b>	<b>(2,729,374)</b>	<b>(547,420)</b>	<b>(3,289,710)</b>	<b>(15,853,798)</b>	<b>(2,158,561)</b>	<b>7,950,561</b>	<b>5,221,264</b>
Fund balances - Beginning of year	67,016,910	77,140,746	66,574,802	52,605,498	49,668,309	49,120,889	45,831,179	29,977,381	27,818,820	35,769,381
<b>Fund balances - End of year</b>	<b>\$ 77,576,448</b>	<b>\$ 66,582,159</b>	<b>\$ 57,703,966</b>	<b>\$ 49,876,124</b>	<b>\$ 49,120,889</b>	<b>\$ 45,831,179</b>	<b>\$ 29,977,381</b>	<b>\$ 27,818,820</b>	<b>\$ 35,769,381</b>	<b>\$ 40,990,645</b>
Debt service as a percentage of noncapital expenditures	1.19%	1.15%	1.13%	1.10%	0.85%	1.10%	1.56%	1.95%	1.88%	1.93%

# Genesee County, Michigan

## Revenue Capacity Information Taxable Value by Property Type and Actual Value

### Taxable value and actual value of taxable property

Fiscal Year Ended September 30	Taxable Value by Property Type:						Tax rate (mills)	Estimated Actual Value	Taxable Value as a % of Actual
	Real property:								
	Residential	Commercial	Industrial	Agricultural and Other	Personal Property	Total Value			
2007	\$ 8,350,676,588	\$ 2,064,642,037	\$ 465,453,698	\$ 114,502,824	\$ 854,545,349	\$ 11,849,820,496	8.17	\$ 28,313,868,698	41.85%
2008	8,350,007,649	2,094,584,863	460,814,189	115,709,217	507,958,414	11,529,074,332	8.17	27,397,998,344	42.08%
2009	7,930,452,065	2,125,973,096	444,413,929	121,736,391	763,503,909	11,386,079,390	8.17	24,932,643,592	45.67%
2010	6,955,393,965	2,009,484,789	387,987,718	120,627,170	662,225,029	10,135,718,671	8.17	21,597,824,570	46.93%
2011	6,466,696,290	1,890,189,839	300,632,882	120,346,797	672,342,830	9,450,208,638	8.17	19,901,611,138	47.48%
2012	5,972,151,496	1,771,241,495	270,729,202	121,614,177	669,493,501	8,805,229,871	8.17	18,367,136,020	47.94%
2013	5,837,245,297	1,712,997,352	250,527,317	122,092,317	668,282,291	8,591,144,574	8.27	17,993,098,216	47.75%
2014	5,893,132,429	1,675,421,185	235,571,997	124,919,520	630,476,780	8,559,521,911	8.78	18,480,785,762	46.32%
2015	6,024,028,382	1,679,748,773	227,245,957	127,372,575	649,931,485	8,708,327,172	8.78	19,499,163,990	44.66%
2016	6,124,892,467	1,674,914,805	229,771,378	128,575,582	614,091,473	8,772,245,705	8.78	20,548,602,004	42.69%

Note: Under Michigan law, the revenue base is Taxable Value.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: Genesee County Equalization

Note: Property in the County is reassessed annually. The County assesses property at approximately 50 percent of actual value for all types of real and personal property.

Estimated actual value is calculated by doubling assessed value. Tax rates are per \$1,000 of assessed value.

# Genesee County, Michigan

## Revenue Capacity Information Direct and Overlapping Property Tax Rates

### Direct and overlapping \* property tax rates

Fiscal Year Ended June 30,	Millage Rates - Direct County Taxes **									Overlapping Taxes						Total Tax Rate
	County General Operating	County Emergency Medical Services	County Parks	Senior Services	Health Services	Veterans	MSU Extension	Animal Control	Total Direct Taxes ***	Airport Authority	District Library	Mass Transportation Authority	Mott Community College	Genesee Intermediate School District	Schools	
2007	5.51	0.48	0.48	0.70	1.00	-	-	-	8.17	0.48	0.75	0.80	2.65	3.54	17.92	34.31
2008	5.51	0.48	0.48	0.70	1.00	-	-	-	8.17	0.48	0.75	0.80	2.65	3.54	17.97	34.36
2009	5.51	0.48	0.48	0.70	1.00	-	-	-	8.17	0.48	0.75	0.80	2.65	3.54	18.00	34.39
2010	5.51	0.48	0.48	0.70	1.00	-	-	-	8.17	0.48	0.75	0.80	2.65	3.54	18.00	34.39
2011	5.51	0.48	0.48	0.70	1.00	-	-	-	8.17	0.48	0.75	0.80	2.98	3.98	18.00	35.16
2012	5.51	0.48	0.48	0.70	1.00	-	-	-	8.17	0.48	1.23	0.80	2.86	3.53	18.00	35.07
2013	5.51	0.48	0.48	0.70	1.00	0.10	-	-	8.27	0.48	1.25	0.80	2.82	3.54	28.44	45.60
2014	5.51	0.48	0.75	0.70	1.00	0.10	0.04	0.20	8.78	0.48	1.22	0.80	2.82	3.54	28.50	46.14
2015	5.51	0.48	0.75	0.70	1.00	0.10	0.04	0.20	8.78	0.48	1.00	0.80	2.86	3.53	28.50	45.96
2016	5.51	0.48	0.75	0.70	1.00	0.10	0.04	0.20	8.78	0.48	1.00	1.23	2.81	3.78	32.00	50.08

Source: Genesee County Equalization

\* Overlapping rates are those of local and county governments that apply to property owner within Genesee County. Not all overlapping rates apply to all Genesee County property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

\*\* Local and county governments are limited by state statute (Headlee Amendment) to increase property taxes (without a vote of the public) no more than the rate of inflation exclusive of net additions in property values due to new construction. Otherwise, a rate rollback must be done.

\*\*\* The maximum County millage rate allowed by Headlee Amendment for 2016 was 8.78.

## Genesee County, Michigan

### Revenue Capacity Information Principal Property Taxpayers

Taxpayer	2016 Taxable Value	Percentage of Total Taxable Value	2007 Taxable Value	Rank	Percentage of Total Taxable Value
1 Consumers Energy	\$ 262,142,603	48.06%	\$ 193,421,019	2	21.73%
2 General Motors ETAL	81,788,231	15.00%	388,524,971	1	43.65%
3 LSREF3 Spartan LLC	35,114,000	6.44%			-
4 Wal-Mart/Sam's	34,431,575	6.31%	42,390,403	5	4.76%
5 Edward Rose Assoc ETAL	26,381,388	4.84%	27,871,976	6	3.13%
6 Meijer Inc/Good Will Co Inc	25,408,261	4.66%	23,004,640	7	2.58%
7 Comcast Cablevision	24,022,600	4.40%			-
8 Genesys Regional Medical ETAL	21,440,942	3.93%			-
9 Tobin Group/Distinctive Land ETAL	17,513,920	3.21%			-
10 Michigan Electric Transmission Co LLC	17,155,600	3.15%			-
Delphi Automotive	-	-	85,057,742	3	9.56%
Genesee Investors II LLC (Genesee Valley)	-	-	67,046,000	4	7.53%
Home Depot	-	-	21,859,785	8	2.46%
Kroger	-	-	21,178,248	9	2.38%
Ring Screw Works ETAL	-	-	19,711,400	10	2.21%
Total Taxable Value of Top 10	\$ 545,399,120	6.22%	\$ 890,066,184		7.51%
Total County Taxable Value	\$ 8,772,245,705		\$ 11,849,820,496		

Source: Genesee County Planning Department

# Genesee County, Michigan

## Revenue Capacity Information Property Tax Levies and Collections

Tax Year	Fiscal Year Ended September 30	Percent of Total					
		Total Levy	Current Collections	Percent Collected	Delinquent Collections	Total Tax Collections	Collections to Tax Levy
2006	2007	\$ 92,823,015	\$ 87,783,960	94.6%	\$ 5,039,055	\$ 92,823,015	100.00%
2007	2008	96,962,513	91,098,930	94.0%	5,863,583	96,962,513	100.00%
2008	2009	97,004,331	90,979,934	93.8%	6,024,397	97,004,331	100.00%
2009	2010	93,767,535	86,508,053	92.3%	7,259,482	93,767,535	100.00%
2010	2011	83,767,765	78,101,948	93.2%	5,665,817	83,767,765	100.00%
2011	2012	77,487,325	72,746,879	93.9%	4,740,446	77,487,325	100.00%
2012	2013	71,888,548	68,418,662	95.2%	3,469,886	71,888,548	100.00%
2013	2014	71,229,062	67,541,004	94.8%	3,688,058	71,229,062	100.00%
2014	2015	75,273,713	68,312,762	90.8%	6,960,951	75,273,713	100.00%
2015	2016	75,950,262	69,400,618	91.4%	6,549,644	75,950,262	100.00%

# Genesee County, Michigan

## Debt Capacity Information Ratios of Outstanding Debt

### Ratios of outstanding debt Last 10 Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental Activities</b>										
General obligation bonds	\$ 41,001,500	\$ 38,402,500	\$ 23,941,500	\$ 20,997,000	\$ 28,113,284	\$ 25,823,784	\$ 23,529,284	\$ 21,217,784	\$ 18,815,784	\$ 16,325,784
Less pledged debt service funds	<u>218,170</u>	<u>110,224</u>	<u>109,124</u>	<u>376,404</u>	<u>309,600</u>	<u>57,817</u>	<u>54,890</u>	<u>55,123</u>	<u>349,464</u>	<u>349,463</u>
Net general bonded debt	40,783,330	38,292,276	23,832,376	20,620,596	27,803,684	25,765,967	23,474,394	21,162,661	18,466,320	15,976,321
Equipment notes	<u>135,804</u>	<u>10,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,491</u>	<u>15,873</u>	<u>461,588</u>	<u>309,175</u>	<u>154,845</u>
Total	40,919,134	38,302,958	23,832,376	20,620,596	27,803,684	25,785,458	23,490,267	21,624,249	18,775,495	16,131,166
<b>Business-type Activities</b>										
General obligation bonds	253,500	217,500	178,500	138,000	97,500	72,000	46,500	18,000		
Delinquent tax notes	<u>29,742,000</u>	<u>67,592,090</u>	<u>70,441,250</u>	<u>55,451,292</u>	<u>50,652,792</u>	<u>42,300,000</u>	<u>35,800,000</u>	<u>40,701,376</u>	<u>43,530,000</u>	<u>37,370,000</u>
Total	<u>29,995,500</u>	<u>67,809,590</u>	<u>70,619,750</u>	<u>55,589,292</u>	<u>50,750,292</u>	<u>42,372,000</u>	<u>35,846,500</u>	<u>40,719,376</u>	<u>43,530,000</u>	<u>37,370,000</u>
Total debt of the government	<b>\$ 70,914,634</b>	<b>\$ 106,112,548</b>	<b>\$ 94,452,126</b>	<b>\$ 76,209,888</b>	<b>\$ 78,553,976</b>	<b>\$ 68,157,458</b>	<b>\$ 59,336,767</b>	<b>\$ 62,343,625</b>	<b>\$ 62,305,495</b>	<b>\$ 53,501,166</b>
Percentage of personal income	16.26%	25.02%	22.18%	17.90%	18.54%	16.29%	14.29%	15.10%	15.17%	0.36%
Total debt per capita *	163	214	217	176	181	156	142	150	151	130

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

\* See the Schedule of Demographic and Economic Statistics table for personal income and population data.

# Genesee County, Michigan

## Debt Capacity Information Ratios of General Bonded Debt Outstanding

Fiscal Year	Governmental General Obligation Bonds	Business General Obligation Bonds	Less Pledged Debt Service Funds	Net General Obligation Debt	Percent of Estimated Actual Value of Property *	Per capita **
2007	\$ 41,001,500	\$ 253,500	\$ 218,170	\$ 41,036,830	0.14%	93
2008	38,402,500	217,500	110,224	38,509,776	0.14%	88
2009	23,941,500	178,500	109,124	24,010,876	0.10%	57
2010	20,997,000	138,000	376,404	20,758,596	0.10%	49
2011	28,113,284	97,500	309,600	27,901,184	0.14%	66
2012	25,823,784	72,000	57,817	25,837,967	0.14%	61
2013	23,529,284	46,500	54,890	23,520,894	0.13%	56
2014	21,217,784	18,000	55,123	21,180,661	0.11%	51
2015	18,815,784	-	349,464	18,466,320	0.09%	45
2016	16,325,784	-	349,463	15,976,321	0.08%	39

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

\* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

\*\* Population data can be found in the Schedule of Demographic and Economic Statistics table.

# Genesee County, Michigan

## Debt Capacity Information Direct and Overlapping Governmental Activities Debt

Governmental Unit	Debt Outstanding *
Genesee County - Direct County Debt:	
General Obligation Bonds	\$ 16,325,784
Building Authority Bonds **	11,540,000
Total General Obligation Bonds	27,865,784
Revenue Bonds with General Obligation Pledge	262,154,891
Michigan Transportation Fund Bonds	5,175,000
Share of Authority Issued Bonds - Karegnondi Water Supply System, Series 2014	145,089,000
Total Genesee County Direct Debt	440,284,675
Less:	
Revenue Bonds	(262,154,891)
Michigan Transportation Fund Bonds	(5,175,000)
Karegnondi Water Supply System 2014	(145,089,000)
Genesee County Net Direct Debt	27,865,784
Overlapping Debt:	
Cities	73,313,755
Townships	36,374,396
Villages	1,895,895
School Districts	320,072,463
Intermediate School Districts	7,220,908
Community College	53,154,458
Airport Authority	9,895,000
Net Overlapping Debt	501,926,875
Net Direct and Overlapping Debt	<b>\$ 529,792,659</b>

\* Source: Municipal Advisory Council of Michigan as of March 3, 2017

\*\* Includes \$11,540,000 of Brownfield Redevelopment Bonds

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Genesee County. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

<sup>1</sup>The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the County's taxable assessed value that is within the government's boundaries and dividing it by the County's total taxable assessed value.



# Genesee County, Michigan

## Debt Capacity Information Legal Debt Margin

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Calculation of Debt Limit</b>										
State equalized valuation (SEV)	\$ 14,156,934,349	\$ 13,698,999,172	\$ 12,466,321,796	\$ 10,798,912,285	\$ 9,950,805,569	\$ 9,183,568,010	\$ 8,996,549,108	\$ 9,240,392,881	\$ 9,749,581,995	\$ 10,274,301,002
Debt limit (10 percent of SEV)	1,415,693,435	1,369,899,917	1,246,632,180	1,079,891,229	995,080,557	918,356,801	899,654,911	924,039,288	974,958,200	1,027,430,100
<b>Calculation of debt subject to limit:</b>										
Total debt	41,390,804	35,730,682	40,120,000	21,135,000	28,113,284	25,888,275	23,545,157	21,679,372	19,124,959	16,480,629
Plus Business Type Tax Notes	29,742,000	57,592,090	70,441,250	55,550,000	50,652,792	42,300,000	35,800,000	40,701,376	43,530,000	37,370,000
Component Unit Debt:										
Brownfield Authority	5,000,000	13,035,000	13,035,000	12,930,000	12,820,000	12,610,000	12,365,000	12,110,000	11,835,000	11,540,000
Land Bank Authority	434,515	3,577,506	3,588,685	3,990,785	3,647,890	3,060,742	2,453,593	1,806,445	1,670,000	1,620,000
Water and Waste Services	144,697,048	168,034,033	168,070,641	176,945,058	169,411,610	177,889,020	170,682,896	187,283,580	173,396,023	224,784,891
Road Commission	7,532,542	16,186,229	14,063,032	18,440,726	18,797,421	14,913,122	11,525,000	9,485,000	7,370,000	5,175,000
Drain Fund	4,662,036	3,860,052	3,088,767	2,608,758	1,910,916	3,387,926	3,165,437	2,608,890	2,383,558	2,661,756
Less debt not subject to limit:										
Non-Bonded Debt	(349,652)	(255,048)	(174,531)	(80,883)	-	(19,491)	(15,873)	(461,588)	(309,175)	(154,845)
Road Commission Debt	(8,750,000)	(12,520,000)	(15,906,283)	(18,440,726)	(16,105,931)	(13,839,092)	(11,525,000)	(9,485,000)	(7,370,000)	(5,175,000)
Water and Waste Service Sewer Bonds	(104,302,048)	(122,864,033)	(124,305,641)	(134,315,058)	(127,956,610)	(137,235,072)	(131,379,391)	(113,635,288)	(101,505,288)	(91,416,023)
Drain Fund Special Assessment Debt	(782,036)	(670,052)	(588,767)	(798,758)	(400,916)	(292,926)	(480,437)	(333,890)	(523,558)	(916,756)
Net debt subject to limit	<u>\$ 119,275,209</u>	<u>\$ 161,706,459</u>	<u>\$ 171,432,153</u>	<u>\$ 137,964,902</u>	<u>\$ 140,890,456</u>	<u>\$ 128,662,504</u>	<u>\$ 116,136,382</u>	<u>\$ 151,758,897</u>	<u>\$ 149,601,519</u>	<u>\$ 201,969,652</u>
Legal debt margin	1,296,418,226	1,208,193,458	1,075,200,027	941,926,327	854,190,101	789,694,297	783,518,529	772,280,391	825,356,681	825,460,448
Net debt subject to limit as % of debt limit	8.43%	11.80%	13.75%	12.78%	14.16%	14.01%	12.91%	16.42%	15.34%	19.66%

Note: Under state finance law, Genesee County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

## Genesee County, Michigan

### Pledged-revenue Coverage

Fiscal year	Net Revenue	Debt Service		Coverage
		Principal	Interest	
2006	\$ 2,038,623	\$ 8,780,000	\$ 5,146,948	0.1464
2007	5,265,754	9,200,000	5,942,875	0.3477
2008	6,627,348	8,430,000	5,702,215	0.4690
2009	12,751,617	9,070,000	6,107,272	0.8402
2010	11,084,258	9,375,000	5,842,436	0.9360
2011	10,600,719	10,360,000	5,895,254	0.6521
2012	12,895,721	10,845,000	5,654,333	0.7816
2013	12,340,914	11,835,000	6,159,841	0.6858
2014	17,403,367	11,495,000	6,062,500	0.9912
2015	19,080,934	11,688,989	8,410,579	0.9493

Note: Details regarding Water and Waste Services outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

# Genesee County, Michigan

## Demographic and Economic Information Demographic and Economic Statistics

Fiscal year	Population *	Total Personal Income (in thousands) *	Per Capita Personal Income *	School Enrollment **	Unemployment Rate ***
2007	441,966	\$ 12,684,424	\$ 28,700	83,240	7.6
2008	436,141	12,379,745	28,385	81,781	10.6
2009	424,043	12,165,474	28,689	78,956	14.6
2010	425,790	12,373,500	29,060	77,306	12.5
2011	425,790	13,004,500	30,542	75,346	10.0
2012	423,720	13,406,200	31,639	73,460	11.2
2013	418,408	13,565,279	32,421	71,734	8.4
2014	415,376	13,708,667	33,003	70,475	6.3
2015	412,895	14,400,945	34,878	67,980	5.1
2016	410,849	15,042,062	36,612	66,847	5.1

### Data sources

\* Bureau of Economic Analysis, U.S. Department of Commerce

\*\*Genesee Intermediate School District

\*\*\* Bureau of Labor Statistics

# Genesee County, Michigan

## Demographic and Economic Information Principal Employers

Rank	Employer	Percentage of Total Employment			Rank	Percentage of Total Employment
		2015	2007			
1	General Motors Corp. Assembly	8,330	3.3%	7,767	1	3.9%
2	Genesys Health Care System	3,000	1.2%	3,265	2	1.6%
3	Hurley Medical Center	2,420	1.0%	2,510	4	1.3%
4	McLaren Health Care Corporation	2,269	0.9%	2,400	6	1.2%
5	Diplomat	1,400	0.6%	-		
6	Walmart	1,370	0.5%			
7	Genesee County	1,300	0.5%	1,200	10	0.6%
8	Meijer	1,227	0.5%	1,500	9	0.8%
9	UM-Flint	1,100	0.4%			
10	Mott College	896	0.4%			
	Flint Community Schools	-		2,611	3	1.3%
	Square D			2,500	5	1.3%
	Flint Metal Center - Vehicle Mfg. Operating Div.			2,180	7	1.1%
	City of Flint	-		1,600	8	0.8%
Total Principal Employers		<b>23,312</b>		<b>19,766</b>		
Total Employment		<b>250,153</b>		<b>198,667</b>		

Source: U.S. Bureau of Labor Statistics

# Genesee County, Michigan

## Operating Information Full-time Equivalent Government Employees

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Animal Shelter	13	11	11	7	6	7	9	9	16	16
Board Office	15	15	14	14	13	12	12	13	11	11
Building and Grounds	24	22	21	14	15	13	13	15	15	15
Circuit Court	49	48	45	46	47	41	39	42	42	54
Controller	17	16	14	11	10	9	9	13	15	15
Cooperative Extension	1	-	-	-	-	-	-	-	-	-
Corporation Counsel	6	5	5	5	3	3	3	3	3	3
County Clerk	34	36	34	30	29	24	24	24	28	28
Court Services	5	5	6	3	3	3	3	3	3	3
District Court	61	58	57	52	49	47	47	50	52	80
Emergency Management	1	3	3	1	1	1	1	1	1	2
Equalization	9	8	9	8	6	8	7	7	7	8
Equity and Diversity	3	2	1	1	-	-	-	-	-	-
Family Court	33	34	32	25	23	33	34	35	27	32
Friend of the Court	100	95	94	84	79	78	74	78	87	87
GCCARD	81	95	126	105	109	69	46	48	45	43
Genesee Valley Regional Ctr.	43	41	44	43	42	38	37	41	51	48
GIS	2	2	1	1	1	1	1	1	1	1
Human Resources	8	8	7	8	7	7	5	5	7	7
Medical Examiner	-	-	-	-	5	5	6	6	6	6
Information Technology (IT)	19	18	19	14	14	14	17	14	15	15
Parks and Recreation	28	27	25	25	23	24	22	22	28	32
Planning	22	22	23	24	22	17	16	19	19	18
Probate Court	24	23	22	20	20	15	15	14	15	16
Prosecutor	67	70	70	58	55	53	55	53	55	58
Public Health	150	144	142	105	95	100	97	99	105	116
Purchasing	6	5	5	5	4	4	3	4	4	5
Register of Deeds	10	8	7	10	10	11	10	10	9	9
Senior Services	-	-	-	-	3	3	3	3	3	3
Sheriff	259	259	248	234	217	236	234	234	243	243
Surface Water Management	20	17	16	15	19	13	13	15	24	24
Treasurer	19	17	15	13	12	12	12	14	15	15
Veteran's Info. Center	3	3	3	3	2	2	3	5	6	6
Total	1,132	1,117	1,119	984	944	902	868	899	956	1,019

Source: Government Human Resources Office.

# Genesee County, Michigan

## Operating Information Operating Indicators

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Board Office Committee Meeting Log:										
Public Works	23	23	20	19	21	21	22	21	22	18
Finance/Budget	31	25	32	22	25	42	25	23	22	21
Governmental Operations	23	23	25	24	22	23	22	22	23	22
Human Services	24	21	22	23	22	23	22	22	22	22
Community and Economic Development	8	10	12	8	12	8	9	12	12	9
Board of Commissioners	30	27	28	40	29	27	32	30	24	30
Building and Grounds -										
Centrally Generated Work Orders	2,018	2,251	1,914	2,116	1,429	1,446	2,011	2,378	2,564	2,852
Circuit Court:										
Number of Civil Cases	1,881	2,134	1,995	1,898	1,822	2,375	2,250	1,885	2,106	1,824
Number of Criminal Cases	2,353	2,184	2,015	1,911	1,910	2,181	3,530	2,297	2,116	1,903
Number of Family Cases	9,051	9,877	9,457	9,622	9,426	7,681	6,725	7,825	8,413	7,809
Controllers -										
Number of Checks	42,430	48,050	63,503	47,595	47,928	49,145	31,826	32,353	47,287	49,052
Cooperative Extension:										
4-H Volunteers	443	55	71	116	116	143	147	214	101	101
Master Gardener Volunteers	309	318	329	308	322	317	215	186	150	237
Residents Served	65,716	58,080	48,041	75,265	78,347	77,625	70,645	69,215	65,000	52,308
County Clerk General Election Data:										
Registered Voters	351,082	347,432	163,782	335,069	247,059	336,607	331,984	331,890	325,033	324,251
Ballots Cast	35,656	221,583	22,722	135,010	54,271	204,026	41,606	132,760	109,870	100,136
Percent Voting	10.2%	63.8%	13.9%	40.3%	22.0%	60.6%	12.5%	40.0%	33.8%	30.9%
Birth Certificates	6,432	6,056	5,902	5,696	5,061	4,938	5,441	5,246	5,287	5,138
Civil Cases Filed	2,304	2,134	2,010	2,325	2,250	2,346	6,493	5,980	7,453	10,392
Criminal Cases Filed	1,836	2,184	2,014	1,910	1,797	1,852	1,980	1,960	1,868	2,695
Death Certificates	4,020	4,353	4,361	4,407	4,012	4,387	6,261	4,447	4,568	4,433
Divorces	7,536	2,141	2,072	2,205	5,321	5,156	1,875	1,755	1,697	2,529
Marriage Licenses	2,532	2,330	2,233	2,227	1,964	2,062	2,096	2,321	2,351	2,359
District Court:										
Number of Civil Cases	22,913	23,941	22,866	21,718	20,113	22,511	20,013	18,316	18,590	24,689
Number of Criminal/Traffic Cases	59,427	58,872	56,360	56,141	48,770	47,373	44,250	41,816	36,646	46,819
Equalization -										
Number of Parcel Counts	209,079	209,639	209,360	212,566	211,313	210,849	207,469	204,871	203,712	202,450
Friend of the Court -										
Number of Active Cases	55,530	56,223	55,472	54,920	51,294	51,599	50,833	48,518	47,823	48,064
Health:										
Infant Deaths	50	56	53	34	18	37	37	25	45	45
Smoking Rates	25.6%	25.6%	24.6%	25.0%	25.0%	23.0%	23.0%	23.0%	23.0%	19%
Gonorrhea Cases	1,594	1,313	1,157	709	787	1,243	1,050	756	773	1,003
Parks and Recreation -										
Huckleberry RR/Crossroad Village Attendance	159,715	134,853	139,289	143,460	140,419	138,282	141,279	157,553	158,396	149,427

# Genesee County, Michigan

## Operating Information Operating Indicators (Continued)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Planning Commission:										
Road Reconstruction, Resurfacing, and Restoration:										
Lane Miles	147	55	65	69	52	74	172	111	82	109
Cost	70,114,676	58,161,496	19,544,927	10,080,375	12,295,326	16,364,802	29,373,316	43,677,734	12,252,980	22,608,550
Streets:										
Miles	3	3	2	3	4	3	3	1	2	1
Cost	356,523	270,000	203,783	198,304	299,405	127,855	81,083	131,753	227,770	297,854
Sidewalks:										
Feet	2,500	800	1,500	3,500	1,320	5,500	-	3,020	-	2,095
Cost	138,449	61,396	152,711	114,946	138,685	115,744	-	153,097	-	82,174
Probate Court -										
Number of Probate Cases	3,037	2,817	3,205	3,134	2,888	3,066	3,012	3,015	3,436	4,081
Prosecutors:										
Felony Warrants (more than 1 year)	3,467	3,408	3,040	2,860	2,985	3,287	2,929	3,298	3,251	3,224
Misdemeanor Warrants (more than 1 year)	-	-	-	-	-	-	-	-	-	-
Misdemeanor Warrants (less than 1 year)	1,141	1,187	1,108	1,029	1,074	818	907	912	651	680
Purchasing -										
Number of Purchase Orders	1,228	1,398	1,082	909	875	980	1,195	1,221	1,107	1,892
Register of Deeds -										
Annual Recorded Documents	99,573	85,915	81,874	86,670	86,564	93,781	90,447	86,981	94,886	87,113
Sheriff Department:										
Number of Inmates Booked	12,580	12,133	11,460	10,436	10,429	11,657	14,866	15,771	14,926	13,626
Traffic Accidents	1,495	1,345	259	1,120	1,117	1,097	893	1,021	1,036	240
Traffic Violations	3,372	3,868	1,804	3,356	1,332	1,270	650	895	724	933
OUIL Arrests	140	97	154	163	108	117	68	89	124	83
Driving With License Suspended Arrests	604	422	474	1,374	431	348	248	284	386	275
Felony Arrests	286	271	242	387	163	222	163	314	296	140
Misdemeanor Arrests	1,250	589	703	1,415	751	594	563	1,089	1,355	637
Treasurers -										
Number of Cash Receipts	55,202	57,872	58,376	72,702	55,667	56,237	60,220	59,536	60,336	66,710
Veterans Information Services:										
Veteran Services	27,707	29,239	29,875	40,656	39,410	29,441	48,605	83,012	70,055	74,409
Veterans Burial Services	112	141	141	209	143	132	103	275	229	150
Soldiers Relief Commission Services	161	140	246	270	180	148	300	1,401	1,147	783
Veterans Trust Applications	46	91	85	95	74	131	116	336	404	368

Source: Various county departments.

# Genesee County, Michigan

## Operating Information Capital Asset Statistics

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Buildings and Grounds:										
Administration Bldg.	1	1	1	1	1	1	1	1	1	1
Animal Control	1	1	1	1	1	1	1	1	1	1
Clinics	3	3	3	3	3	2	2	2	2	2
Courts	6	6	6	6	6	6	6	6	6	6
Courthouse	1	1	1	1	1	1	1	1	1	1
Dollar Store	1	-	-	-	-	-	-	-	-	-
Drain Commission	1	1	1	1	1	1	1	1	1	1
Galliver Bldg.	-	-	-	-	-	1	1	1	1	1
GCCARD Bldg.	3	3	3	3	3	3	3	3	3	3
Haley	1	1	1	1	1	1	1	1	1	1
Jail	1	1	1	1	1	1	1	1	1	1
Juv. Detention Ctr.	1	1	1	1	1	1	1	1	1	1
Motor Pool	1	1	1	1	1	1	1	1	1	1
MSU Extension	1	1	1	1	1	1	1	1	1	1
Parking Structures	2	2	2	2	2	2	2	2	2	2
Drains - Number of Drains	1,183	1,187	1,126	1,195	1,109	1,112	1,112	1,113	1,113	1,112
Information Technology - Computers	850	875	890	890	920	1,110	1,186	821	914	982



# Genesee County, Michigan

## Operating Information Capital Asset Statistics (Continued)

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Parks and recreation:										
Acreage	10,939	10,939	10,939	10,939	10,939	10,939	10,939	10,939	10,939	10,939
Beaches	3	3	3	3	3	3	3	3	3	3
Bicycle path	6	7	7	7	7	7	7	7	8	8
Boat launches	4	4	4	4	4	4	4	4	4	4
Campgrounds	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
For-Mar Nature Preserve & Arboretum	1	1	1	1	1	1	1	1	1	1
Genesee Belle Paddle Wheel Boat	1	1	1	1	1	1	1	1	1	1
Huckleberry Railroad	1	1	1	1	1	1	1	1	1	1
Picnic Areas	5	5	5	5	5	5	5	5	5	5
Play Areas	5	7	7	7	7	7	7	7	7	7
Snowmobile Areas	5	5	5	5	5	5	5	5	5	5
Spray Park	1	1	1	1	1	1	1	1	1	1
Stepping Stone Falls	1	1	1	1	1	1	1	1	1	1
Sheriff:										
Housing Cells	355	355	355	355	355	355	355	355	355	355
Isolation Rooms	6	6	6	6	6	6	6	6	6	6
Safety Cells	6	6	6	6	6	6	6	6	6	6
Medical Cells	6	9	9	7	7	7	7	7	7	7
Patrol Vehicles	18	18	10	22	22	16	16	16	15	22
Boats	4	3	3	5	5	5	4	3	3	3
Paramedic Vehicles	15	15	15	15	15	15	15	13	13	13
Motorcycles	8	8	6	8	8	8	8	8	8	8
Jet Skis	4	2	2	2	2	2	2	2	2	2