

June 7, 2019

Board of Commissioners
Barry County
Hastings, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Barry County, Michigan** (the "County") as of and for the year ended December 31, 2018. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 16, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. The County implemented GASB Statement No. 75 ***Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*** during 2018. Refer to Note 14 to the financial statements for more information on how implementing the new OPEB standard impacted the County's financial statements as of and during the year ended December 31, 2018. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences and the related pay rates as of December 31, 2018.

- Management's estimate of the allowance for uncollectible receivable balances is based on past experience and future expectation for collection of various account balances.
- Management's estimate of insurance claims incurred but not yet reported is based on information provided by the entity's third parties administrators and subsequent claims activity.
- Management's assumptions used to calculate the actuarial report and the net present value of post-employment benefits, including pension and other post-employment benefits.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 7, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or

a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

This information is intended solely for the use of management, the Board of Commissioners, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Gabridge & Company". The signature is written in a cursive, flowing style.

Gabridge & Company, PLC
Grand Rapids, MI



**BARRY COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Barry County
Hastings, 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 **Barry County, Michigan** (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Barry County Road Commission, which represents 72.9 percent of the assets and deferred outflows, 79.1 percent of the net position, and 87.7 percent of the revenues of the discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Barry County Road Commission 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 Barry County Road Commission were not audited in accordance with *Government Auditing Standards*.

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 Barry County, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 14 to the financial statements, during the year ended December 31, 2018, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of implementing this pronouncement, the County's net OPEB asset has been recognized on the government-wide statements and, as discussed in Note 14, net position was restated as of January 1, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing

procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Gabridge & Company, PLC
Grand Rapids, MI
June 7, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Barry County
Management's Discussion and Analysis
December 31, 2018

As management of **Barry County, Michigan** (the "County" or "government") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

Key metrics and financial highlights of the County for the year ended December 31, 2018 are as follows:

- The assets and deferred outflows of the County, as presented in the government-wide financial statements, exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$42,801,246 (net position), an increase of \$459,582 in 2018.
- As of the close of the current fiscal year, the County's governmental funds (this includes the general fund, special revenue, capital project, debt service, and permanent funds) reported combined ending fund balances of \$14,295,748, an increase of \$537,945 in comparison with the prior year. Of the fund balance amount, \$2,199,449 is available for spending at the government's discretion (unassigned fund balance).
- Total fund balance for the general fund was \$4,264,340, an increase of \$352,071 for 2018. At the end of the year, the unassigned portion of the fund balance in the general fund was \$2,199,449, or approximately 14.3 percent of total general fund expenditures and net transfers out for the prior year.
- The County's investment in capital assets was \$34,938,492 at the end of 2018, which compares to \$36,482,672 at the end of 2017.
- The County's total long-term installment debt decreased by \$1,485,288 during the year, from \$17,145,837 to \$15,660,549 as of year-end. This is a result of scheduled debt service payments made during the year of \$1,370,000 and amortization of bond premiums for another \$115,288.
- The County implemented Governmental Accounting Standards Board Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during 2018 which required a restatement of net position as of January 1, 2018. The restatement decreased net position by \$1,008,267.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of Barry County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government administration, public safety, public works, health and welfare, recreation and cultural, and community and economic development activities. The business-type activities of the County include delinquent tax administration, operation of a medical care facility, jail commissary, and operation of a transit system.

The government-wide financial statements include not only Barry County itself (known as the *primary government*) , but also the legally separate Barry County Road Commission, Drainage Districts, Board of Public Works, Economic Development Board, and Airport Commission, for which the County is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

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. Barry County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike

the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains numerous governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, central dispatch special revenue fund, commission on aging special revenue fund, and the building authority Thornapple Manor debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Barry County uses enterprise funds to account for its delinquent tax collection and administration, Thornapple Manor medical care facility, transit system, and jail commissary.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its data processing, telephone systems, fleet of vehicles, insurance, and fringe benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 delinquent tax umbrella fund, 2017 delinquent tax revolving fund, and Thornapple Manor fund, which are considered to be major funds of the County.

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

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.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis, budgetary comparison schedules, and the schedules for the County pension and other postemployment benefits plans.

The combining statements and schedules referred to earlier in connection with nonmajor funds are presented following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Summary information on the County assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position is as follows:

Barry County's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
ASSETS						
<i>Current Assets</i>						
Cash and investments	\$ 17,169,803	\$ 17,036,646	\$ 14,309,099	\$ 14,583,903	\$ 31,478,902	\$ 31,620,549
Receivables, net	5,528,018	6,361,640	4,173,580	3,705,378	9,701,598	10,067,018
Due from other governments	1,340,009	-	290,173	169,713	1,630,182	169,713
Other assets	892,039	708,865	112,532	80,063	1,004,571	788,928
Total Current Assets	24,929,869	24,107,151	18,885,384	18,539,057	43,815,253	42,646,208
<i>Noncurrent Assets</i>						
Capital assets not being depreciated	2,734,208	2,775,496	15,540	-	2,749,748	2,775,496
Capital assets being depreciated, net	10,156,721	10,567,701	22,032,023	23,139,475	32,188,744	33,707,176
Net OPEB asset	380,008	923,992	56,544	40,380	436,552	964,372
Total Assets	38,200,806	38,374,340	40,989,491	41,718,912	79,190,297	80,093,252
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	3,925,939	1,337,565	1,064,789	2,679,315	4,990,728	4,016,880
OPEB related deferred outflows	17,121	-	989	-	18,110	-
Deferred charges on refunding	459,175	532,644	-	-	459,175	532,644
Total Deferred Outflows of Resources	4,402,235	1,870,209	1,065,778	2,679,315	5,468,013	4,549,524
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	342,578	616,122	621,902	717,569	964,480	1,333,691
Accrued liabilities	384,254	376,470	932,163	1,056,967	1,316,417	1,433,437
Unearned revenue	210,069	-	-	-	210,069	-
Current portion of long-term debt	1,345,288	1,260,288	250,000	225,000	1,595,288	1,485,288
Current portion of compensated absences	221,557	212,464	197,762	164,436	419,319	376,900
Internal balances	(552,749)	(543,493)	552,749	543,493	-	-
Total Current Liabilities	1,950,997	1,921,851	2,554,576	2,707,465	4,505,573	4,629,316
<i>Noncurrent Liabilities</i>						
Compensated absences	481,799	463,117	383,891	314,830	865,690	777,947
Net pension liability	15,507,180	11,396,928	883,974	2,926,088	16,391,154	14,323,016
Long-term debt	9,490,261	10,835,549	4,575,000	4,825,000	14,065,261	15,660,549
Total Liabilities	27,430,237	24,617,445	8,397,441	10,773,383	35,827,678	35,390,828
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	215,323	1,155,886	1,107,298	391,456	1,322,621	1,547,342
OPEB related deferred inflows	390,450	-	48,755	-	439,205	-
Property taxes levied for subsequent year	4,267,560	4,354,675	-	-	4,267,560	4,354,675
Total Deferred Inflows of Resources	4,873,333	5,510,561	1,156,053	391,456	6,029,386	5,902,017
NET POSITION						
Net investment in capital assets	12,665,929	13,043,197	17,222,563	18,089,475	29,888,492	31,132,672
Restricted	5,202,198	4,840,788	314,018	314,018	5,516,216	5,154,806
Unrestricted	(7,568,656)	(7,767,442)	14,965,194	14,829,895	7,396,538	7,062,453
Total Net Position	\$ 10,299,471	\$ 10,116,543	\$ 32,501,775	\$ 33,233,388	\$ 42,801,246	\$ 43,349,931

A portion of the County's net position is unrestricted and available for future operations, while a significant portion of net position relates to its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt

must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Significant changes from the prior year include:

- Pension related deferred outflows increased from \$1,337,565 to \$3,925,939 within governmental activities because returns on pension assets during 2018 were much less than the expected rate of eight percent. The difference between expected and actual will be amortized over the next four years and will be included in future pension expense.
- Net pension liability increased from \$11,396,928 to \$15,507,180 within governmental activities for the same reason that pension related deferred outflows increased. Weaker than estimated market returns during 2018 increased the County's pension liability.
- Conversely, pension related deferred outflow decreased from \$2,679,315 to \$1,064,789 in business-type activities largely because Thornapple Manor made a pension payment subsequent to the measurement date of \$935,000 during 2017 that was then netted against net pension liability during 2018 (the year that the funds were received and reported by the retirement plan).

Barry County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program Revenues						
Charges for services	\$ 2,996,722	\$ 2,636,322	\$19,700,008	\$19,587,001	\$22,696,730	\$22,223,323
Operating grants and contributions	4,052,107	3,644,266	1,111,202	1,008,544	5,163,309	4,652,810
Capital grants and contributions	-	117,918	-	-	-	117,918
General Revenues						
Taxes	15,979,118	15,858,259	505,236	490,735	16,484,354	16,348,994
Intergovernmental	1,172,036	1,377,172	-	-	1,172,036	1,377,172
Interest revenue	65,410	109,315	59,518	49,915	124,928	159,230
Total Revenues	24,265,393	23,743,252	21,375,964	21,136,195	45,641,357	44,879,447
Expenses						
General government	8,914,405	8,552,451	-	-	8,914,405	8,552,451
Public safety	8,954,971	7,982,713	-	-	8,954,971	7,982,713
Public works	212,405	138,106	-	-	212,405	138,106
Health and welfare	4,166,359	3,994,144	-	-	4,166,359	3,994,144
Community and economic development	394,263	391,870	-	-	394,263	391,870
Recreation and cultural	699,206	652,853	-	-	699,206	652,853
Interest on long-term debt	365,443	402,163	-	-	365,443	402,163
Delinquent tax administration	-	-	42,531	30,923	42,531	30,923
Thornapple Manor	-	-	19,271,953	19,129,829	19,271,953	19,129,829
Other	-	-	2,160,239	1,823,705	2,160,239	1,823,705
Total Expenses	23,707,052	22,114,300	21,474,723	20,984,457	45,181,775	43,098,757
Changes in Net Position Before Transfers	558,341	1,628,952	(98,759)	151,738	459,582	1,780,690
Transfers	593,075	500,000	(593,075)	(500,000)	-	-
Changes in Net Position	1,151,416	2,128,952	(691,834)	(348,262)	459,582	1,780,690
<i>Net Position at the Beginning of Period *</i>	<i>9,148,055</i>	<i>7,987,591</i>	<i>33,193,609</i>	<i>33,581,650</i>	<i>42,341,664</i>	<i>41,569,241</i>
Net Position at the End of Period	\$10,299,471	\$10,116,543	\$32,501,775	\$33,233,388	\$42,801,246	\$43,349,931

Net position of the County increased by \$459,582 during 2018. The governmental activities increased by \$1,151,416. The business-type activities decrease of \$691,834 when compared to the prior year is due primarily to an increase in the transfers out of the Delinquent Tax Fund.

Significant items to note during 2018 include:

- Pension expense within governmental activities increased by \$1,483,404 compared to 2017 because returns on investments were well under the estimated rate of eight percent during 2018. The weak market performance during 2018 increased the pension burden of the County by \$1,483,404, which was then allocated to five County functions. General government and public safety were impacted the most.
- 2018 was the initial year that the County implemented the new OPEB reporting standard. This standard actually reduced the County's governmental activities expenses by \$51,175 compared to what would have been recognized as OPEB expense in prior years.

Governmental Activities

During the year, the County invested \$8,914,405, or 38%, of governmental activities expenses to general government activities. Health and welfare expenses totaled \$4,166,359 or 18% of governmental activities. Public safety expenses totaled \$8,954,971 or 38% of governmental activities expenses. Public works, recreation and cultural, community and economic development, and interest on long-term debt made up the remaining 7% of governmental activities expenses. In the current year expenses increased by \$1,592,752, which was primarily the result of the impact of the weaker than estimated market performance of the County's pension assets listed above.

Business-type activities

Business type activities decreased the County's net position by \$691,834. The cause of this decrease is described above.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$14,295,748, an increase of \$537,945 in comparison with the prior year. The overall increase in fund balance is described later in this analysis. Approximately 15.4% of this total amount constitutes *unassigned fund balance*. The remainder of fund balance is *restricted*, *committed*, or *assigned* to indicate that it cannot be used at the County's discretion, or it is *nonspendable* because it has already been committed, in this case, for long-term advances to other funds or cemetery perpetual care.

The general fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,199,449. As a measure of the general fund's

liquidity, it may be useful to compare unassigned fund balance to total fund expenditures and net transfers out. Unassigned fund balance represents 14.3% of total general fund expenditures and net transfers out.

As in previous years, the surplus in the County's traditional general fund (fund 101) was transferred to other funds of the government, as approved by Board Resolution.

The central dispatch fund ended the year with fund balance of \$1,482,658, which was an increase of \$23,048 from the prior year. This was the result of prudent financial management by the Central Dispatch Board and Administration.

The commission on aging fund's fund balance decreased by \$73,800, to \$938,127, as of year-end.

The building authority Thornapple Manor debt fund balance will vary based on taxes received in comparison to the required annual debt payments. In the current year, fund balance increased by \$8,445, to \$529,586, as tax collections were in excess of current year required debt payments.

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

Net position of the enterprise funds decreased \$691,834. Key elements of this change have been addressed elsewhere in this analysis.

The delinquent tax umbrella fund ended the year with net position of \$8,249,850, which was an increase of \$119,274. This increase is because of a \$603,803 transfer in from the 2015 delinquent tax revolving fund and a transfer out to the general fund of \$593,075.

The 2017 delinquent tax revolving fund ended the year with net position of \$399,440, an overall increase of \$398,500, which is the result of the delinquent tax settlement process.

The Thornapple Manor fund ended the year with net position of \$18,432,234. This is a decrease of \$991,982 from the prior year, and is the result of an increase in operating and depreciation expense.

General Fund Budgetary Highlights

- Overall, revenues were consistent with amounts budgeted, with less than a 1.3% difference between the final budget and actual revenues.
- Expenditures for the Trial Court came in under budget by approximately \$134,000. This was the result of prudent fiscal management by the Trial Court Judges, Administrator, and staff.
- Prosecuting attorney expenditures were under budget by approximately \$20,000. This was the result of prudent fiscal management by the Prosecuting Attorney and his staff.

- Other expenditures came in under budget due primarily to contingency that was budgeted for unforeseen expenses, not being utilized.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounted to \$34,938,492 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles.

Major capital asset events during the current fiscal year included the purchase of court recording software and various improvements to County buildings such as the courthouse, animal shelter, and jail. The vehicle fund also purchased five vehicles for various uses.

	Capital Assets (net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,734,208	\$ 2,734,208	\$ -	\$ -	\$ 2,734,208	\$ 2,734,208
Construction in progress	-	41,288	15,540	-	15,540	41,288
Land improvements	406,305	446,391	1,220,775	1,300,128	1,627,080	1,746,519
Buildings and improvements	8,024,110	8,160,058	18,877,993	19,548,046	26,902,103	27,708,104
Equipment and vehicles	1,726,306	1,961,252	1,933,255	2,291,301	3,659,561	4,252,553
Total	\$ 12,890,929	\$ 13,343,197	\$ 22,047,563	\$ 23,139,475	\$ 34,938,492	\$ 36,482,672

Additional information on the County's capital assets can be found in Note 5 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding, exclusive of compensated absences, of \$15,660,549. Of this amount, \$10,835,549 was debt of governmental activities and \$4,825,000 was debt of business-type activities.

	Long-term Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 10,835,549	\$ 12,095,837	\$ -	\$ -	\$ 10,835,549	\$ 12,095,837
Capital lease payable	-	-	4,825,000	5,050,000	4,825,000	5,050,000
Total	\$ 10,835,549	\$ 12,095,837	\$ 4,825,000	\$ 5,050,000	\$ 15,660,549	\$ 17,145,837

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

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for 2019:

- The County will continue to rely on state revenue sharing to support general fund expenditures.
- The Courts, Elected Officials, and Department Directors will continue to be fiscally prudent, managing their expenditures within or below budget allowing surplus general funds to be transferred to capital replacement funds.

- Property tax revenue is expected to increase slightly over the previous year.
- Pension costs will continue to rise in the near term as a result of actuarial assumption changes implemented by the Municipal Employees Retirement System Board as well as actual returns being lower than expected returns on investments.
- Pension costs are expected to decrease and level off over the long term as a result of the implementation of the hybrid plan for new hires effective in 2012.

In order to maintain long-term financial stability, the County will continue to adopt realistic and balanced budgets for all funds that and manage them such that actual expenditures do not exceed actual revenues in any given year.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Barry County Administrator, 220 W. State St., Hastings, MI, 49058, 269.945.1284.

BASIC FINANCIAL STATEMENTS

Barry County
Statement of Net Position
December 31, 2018

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
<i>Current Assets</i>				
Cash and investments	\$ 17,169,803	\$ 13,996,742	\$ 31,166,545	\$ 2,490,492
Restricted cash	--	312,357	312,357	--
Accounts receivable	169,105	1,555,903	1,725,008	8,311,353
Taxes receivable	4,258,550	2,617,677	6,876,227	--
Loans receivable, net	1,043,676	--	1,043,676	--
Due from trust and agency fund	56,687	--	56,687	--
Due from other governments	1,340,009	290,173	1,630,182	4,500
Other assets	892,039	22,040	914,079	--
Inventories	--	90,492	90,492	1,854,370
Total Current Assets	24,929,869	18,885,384	43,815,253	12,660,715
<i>Noncurrent Assets</i>				
Capital assets not being depreciated	2,734,208	15,540	2,749,748	17,514,173
Capital assets being depreciated, net	10,156,721	22,032,023	32,188,744	31,083,979
Net OPEB asset	380,008	56,544	436,552	--
Total Assets	38,200,806	40,989,491	79,190,297	61,258,867
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	3,925,939	1,064,789	4,990,728	--
OPEB related deferred outflows	17,121	989	18,110	--
Deferred charges on refunding	459,175	--	459,175	18,761
Total Deferred Outflows of Resources	4,402,235	1,065,778	5,468,013	18,761
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable	342,578	621,902	964,480	350,827
Accrued liabilities	288,241	922,414	1,210,655	79,573
Unearned revenue	210,069	--	210,069	--
Due to other governments	--	9,749	9,749	535,500
Current portion of long-term debt	1,345,288	250,000	1,595,288	1,622,332
Current portion of compensated absences	221,557	197,762	419,319	--
Accrued interest	96,013	--	96,013	47,781
Internal Balances	(552,749)	552,749	--	--
Total Current Liabilities	1,950,997	2,554,576	4,505,573	2,636,013
<i>Noncurrent Liabilities</i>				
Compensated absences	481,799	383,891	865,690	--
Net pension liability	15,507,180	883,974	16,391,154	--
Long-term debt	9,490,261	4,575,000	14,065,261	8,111,832
Total Liabilities	27,430,237	8,397,441	35,827,678	10,747,845
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	215,323	1,107,298	1,322,621	--
OPEB related deferred inflows	390,450	48,755	439,205	551,149
Revenues intended to finance a subsequent year	4,267,560	--	4,267,560	--
Total Deferred Inflows of Resources	4,873,333	1,156,053	6,029,386	551,149
NET POSITION				
Net investment in capital assets	12,665,929	17,222,563	29,888,492	43,557,942
<i>Restricted for:</i>				
Health and welfare programs	1,262,967	--	1,262,967	--
Public safety programs	2,126,552	--	2,126,552	--
Judicial programs	64,973	--	64,973	--
Housing rehabilitation loans	1,061,129	--	1,061,129	--
Other state-mandated programs	116,987	--	116,987	--
Debt service	529,586	--	529,586	24,307
Capital projects	8,721	--	8,721	--
Property tax foreclosures	--	314,018	314,018	--
Cemetery perpetual care (nonexpendable)	30,925	--	30,925	--
Cemetery perpetual care (expendable)	358	--	358	--
<i>Unrestricted</i>	<i>(7,568,656)</i>	<i>14,965,194</i>	<i>7,396,538</i>	<i>6,396,385</i>
Total Net Position	\$ 10,299,471	\$ 32,501,775	\$ 42,801,246	\$ 49,978,634

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Statement of Activities
For the year Ended December 31, 2018

Functions/Programs	Program Revenues			Net (Expense) Revenue		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government						
Governmental Activities:						
General government	\$ 8,914,405	\$ 1,894,144	\$ 2,202,067	\$ (4,818,194)	\$ --	\$ (4,818,194)
Public safety	8,954,971	636,909	581,800	(7,736,262)	--	(7,736,262)
Public works	212,405	71,533	--	(140,872)	--	(140,872)
Health and welfare	4,166,359	259,608	1,240,877	(2,665,874)	--	(2,665,874)
Community and economic development	394,263	--	--	(394,263)	--	--
Recreation and cultural	699,206	134,528	27,363	(537,315)	--	(537,315)
Interest on long-term debt	365,443	--	--	(365,443)	--	(365,443)
Total Governmental Activities	23,707,052	2,996,722	4,052,107	(16,658,223)	--	(16,658,223)
Business-type Activities:						
Delinquent tax administration	42,531	1,002,785	--	--	960,254	960,254
Thornapple Manor	19,271,953	18,279,971	--	--	(991,982)	(991,982)
Other	2,160,239	417,252	1,111,202	--	(631,785)	(631,785)
Total Business-type Activities	21,474,723	19,700,008	1,111,202	--	(663,513)	--
Total Primary Government	\$ 45,181,775	\$ 22,696,730	\$ 5,163,309	\$ (16,658,223)	\$ (663,513)	\$ (17,321,736)
Component Units						
Total Component Units	\$ 11,529,359	\$ 793,538	\$ 9,477,212	--	--	--
Total Component Units	\$ 11,529,359	\$ 793,538	\$ 9,477,212	--	--	2,890,394
General Purpose Revenues and Transfers:						
Revenues						
Taxes				15,979,118	505,236	16,484,354
Intergovernmental				1,172,036	--	1,172,036
Interest revenue				65,410	59,518	124,928
Transfers				593,075	(593,075)	--
Total General Revenues and Transfers				17,809,639	(28,321)	17,781,318
Change in Net Position				1,151,416	(691,834)	459,582
<i>Net Position at Beginning of Period (Restated, Note 14)</i>				9,148,055	33,193,609	42,341,664
Net Position at End of Period				\$ 10,299,471	\$ 32,501,775	\$ 42,801,246
						\$ 49,978,634

**Barry County
Balance Sheet
Governmental Funds
December 31, 2018**

	Special Revenue			Debt Service Authority Thornapple Manor Debt	Other Governmental Funds	Total Governmental Funds
	General	Central Dispatch	Commission on Aging			
ASSETS						
Cash and investments	\$ 2,928,809	\$ 1,534,471	\$ 961,370	\$ 544,610	\$ 5,856,737	\$ 11,825,997
Accounts receivable	2,240	59,095	--	--	107,770	169,105
Taxes receivable	200,876	1,421,344	981,947	1,202,392	451,991	4,258,550
Loans receivable, net	--	--	--	--	1,043,676	1,043,676
Due from trust and agency fund	--	--	--	56,687	--	56,687
Due from other governments	702,524	--	67,096	--	570,389	1,340,009
Due from other funds	637,983	--	--	--	--	637,983
Advances to other funds	86,973	--	--	--	--	86,973
Total Assets	\$ 4,559,405	\$ 3,014,910	\$ 2,010,413	\$ 1,803,689	\$ 8,030,563	\$ 19,418,980
LIABILITIES						
Accounts payable	\$ 120,590	\$ 2,808	\$ 16,553	\$ --	\$ 60,473	\$ 200,424
Accrued liabilities	174,475	34,406	22,875	--	41,216	272,972
Unearned revenue	--	--	--	--	210,069	210,069
Due to other funds	--	--	--	9,861	75,373	85,234
Advances from other funds	--	--	--	--	86,973	86,973
Total Liabilities	295,065	37,214	39,428	9,861	474,104	855,672
DEFERRED INFLOWS OF RESOURCES						
Revenues intended to finance a subsequent year	--	1,495,038	1,032,858	1,264,242	475,422	4,267,560
Total Liabilities and Deferred Inflows of Resources	295,065	1,532,252	1,072,286	1,274,103	949,526	5,123,232
FUND BALANCE						
Nonspendable	86,973	--	--	--	30,925	117,898
Restricted	--	1,482,658	938,127	529,586	2,220,903	5,171,274
Committed	1,917,918	--	--	--	4,829,209	6,747,127
Assigned	60,000	--	--	--	--	60,000
Unassigned	2,199,449	--	--	--	--	2,199,449
Total Fund Balance	4,264,340	1,482,658	938,127	529,586	7,081,037	14,295,748
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,559,405	\$ 3,014,910	\$ 2,010,413	\$ 1,803,689	\$ 8,030,563	\$ 19,418,980

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds	\$ 14,295,748
Net position of internal service funds that are treated as proprietary in the fund level statements are treated as governmental in the entity-wide statements.	5,916,139
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, the interest expenditure is reported when due.	(96,013)
General government capital assets of \$24,545,384, net of accumulated depreciation of \$12,370,972, are not financial resources and, accordingly, are not reported in the funds.	12,174,413
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(703,356)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents long-term debt payable of \$10,115,000 plus bond premiums of \$720,549 less deferred charges on long-term debt of \$459,175.	(10,376,374)
The net OPEB asset, and the OPEB related deferrals, are not due and payable in the current period and, therefore, are not reported in the funds.	6,679
The net pension liability, and the pension related deferrals, are not due and payable in the current period and, therefore, are not reported in the funds.	(11,796,564)
Prepaid costs related to self-insurance programs do not represent current period costs and, therefore, are not reported in the fund financial statements.	878,799
Total Net Position - Governmental Activities	\$ <u>10,299,471</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Special Revenue			Debt Service		Total Governmental Funds
	General	Central Dispatch	Commission on Aging	Authority Thornapple Manor Debt	Other Governmental Funds	
Revenues						
Taxes	\$ 11,627,496	\$ 1,428,752	\$ 992,881	\$ 1,473,037	\$ 456,952	\$ 15,979,118
Intergovernmental	2,051,759	237,099	402,056	--	2,738,922	5,429,836
Licenses and permits	96,110	--	--	--	39,592	135,702
Charges for services	1,721,947	--	258,351	--	262,229	2,242,527
Fines and forfeitures	36,263	--	--	--	1,271	37,534
Interest and rentals	107,311	14,083	2,546	6,848	16,974	147,762
Other revenues	130,438	153	32,433	--	79,943	242,967
Total Revenues	15,771,324	1,680,087	1,688,267	1,479,885	3,595,883	24,215,446
Expenditures						
General government	6,121,393	--	--	250	1,780,172	7,901,815
Public safety	5,765,848	1,657,039	--	--	396,498	7,819,385
Public works	39,180	--	--	--	103,701	142,881
Health and welfare	1,241,222	--	1,699,929	--	1,098,171	4,039,322
Community and economic development	394,073	--	--	--	--	394,073
Recreation and cultural	46,321	--	--	--	489,413	535,734
Other	591,546	--	--	1,090	--	592,636
Debt service, principal	--	--	--	1,070,000	75,000	1,145,000
Debt service, interest	--	--	--	400,100	15,187	415,287
Capital outlay	60,833	--	62,138	--	175,426	298,397
Total Expenditures	14,260,416	1,657,039	1,762,067	1,471,440	4,133,568	23,284,530
Excess of Revenues Over (Under) Expenditures	1,510,908	23,048	(73,800)	8,445	(537,685)	930,916
Other Financing Sources (Uses)						
Sale of capital assets	--	--	--	--	18,352	18,352
Transfers in	593,075	--	--	--	747,514	1,340,589
Transfers out	(1,751,912)	--	--	--	--	(1,751,912)
Net Other Financing Sources (Uses)	(1,158,837)	--	--	--	765,866	(392,971)
Net Change in Fund Balance	352,071	23,048	(73,800)	8,445	228,181	537,945
<i>Fund Balance at Beginning of Period</i>	<i>3,912,269</i>	<i>1,459,610</i>	<i>1,011,927</i>	<i>521,141</i>	<i>6,852,856</i>	<i>13,757,803</i>
Fund Balance at End of Period	\$ 4,264,340	\$ 1,482,658	\$ 938,127	\$ 529,586	\$ 7,081,037	\$ 14,295,748

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the year Ended December 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ 537,945
Changes in net position of internal service funds that are treated as enterprise fund changes in net position in the fund level statements are treated as governmental fund changes in net position in the entity-wide statements	199,347
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This represents the change in accrued interest, bond premiums and discounts, and the deferred charges on advance refundings. The net effect of the current year decrease is to increase net position.	49,844
Governmental fund report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense of \$699,854 plus losses on disposal of \$22,582 exceed capital outlay expenditures of \$298,397.	(424,039)
Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.	(27,775)
In the Statement of Activities, an expense is recorded for other post-employment benefits (OPEB) to adjust net OPEB obligation to the actuarial determined amount less any contributions to fund the obligation. This is the difference between the prior year and the current year net OPEB obligation.	51,175
The change in net pension liability amounts does require the use of current resources and is not reported in the governmental funds.	(581,315)
Current year long-term debt principal payments on contractual obligations, bonds payable, and capital leases are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. This represents principal payments against long-term debt made during the year.	1,145,000
Net change in estimate for incurred-but-not-reported self-insurance claims and deposits with third-party providers to fund such claims.	201,234
Changes in Net Position - Governmental Activities	\$ <u>1,151,416</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental
	Delinquent Tax Umbrella	2017 Delinquent Tax Revolving	Thornapple Manor	Other Enterprise Funds	Total Enterprise Funds	Activities Internal Service Funds
ASSETS						
<i>Current Assets</i>						
Cash and investments	\$ 6,894,691	\$ 124,799	\$ 1,978,394	\$ 4,998,858	\$ 13,996,742	\$ 5,343,806
Restricted cash	--	--	312,357	--	312,357	--
Accounts receivable	--	--	1,537,950	17,953	1,555,903	--
Taxes receivable	43,995	1,599,129	--	974,553	2,617,677	--
Due from other governments	--	--	--	290,173	290,173	--
Other assets	--	--	22,040	--	22,040	--
Inventories	--	--	90,492	--	90,492	--
Due from other funds	1,312,000	--	--	--	1,312,000	--
Total Current Assets	8,250,686	1,723,928	3,941,233	6,281,537	20,197,384	5,343,806
<i>Noncurrent Assets</i>						
Capital assets not being depreciated	--	--	11,195	4,345	15,540	--
Capital assets being depreciated, net	--	--	21,503,474	528,549	22,032,023	716,516
Net OPEB asset	--	--	--	56,544	56,544	--
Total Assets	8,250,686	1,723,928	25,455,902	6,870,975	42,301,491	6,060,322
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	--	--	983,316	81,473	1,064,789	--
OPEB related deferred outflows	--	--	--	989	989	--
Total Deferred Outflows of Resources	--	--	983,316	82,462	1,065,778	--
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	--	3,575	588,211	30,116	621,902	142,154
Accrued liabilities	--	--	871,511	50,903	922,414	2,029
Due to other governments	836	8,913	--	--	9,749	--
Current portion of long-term debt	--	--	250,000	--	250,000	--
Current portion of compensated absences	--	--	197,762	--	197,762	--
Due to other funds	--	1,312,000	--	552,749	1,864,749	--
Total Current Liabilities	836	1,324,488	1,907,484	633,768	3,866,576	144,183
<i>Noncurrent Liabilities</i>						
Compensated absences	--	--	383,891	--	383,891	--
Net pension liability	--	--	155,580	728,394	883,974	--
Long-term debt	--	--	4,575,000	--	4,575,000	--
Total Liabilities	836	1,324,488	7,021,955	1,362,162	9,709,441	144,183
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	--	--	985,029	122,269	1,107,298	--
OPEB related deferred inflows	--	--	--	48,755	48,755	--
Total Deferred Inflows of Resources	--	--	985,029	171,024	1,156,053	--
NET POSITION						
Net investment in capital assets	--	--	16,689,669	532,894	17,222,563	716,516
<i>Restricted for:</i>						
Property tax foreclosures	--	--	--	314,018	314,018	--
<i>Unrestricted</i>	8,249,850	399,440	1,742,565	4,573,339	14,965,194	5,199,623
Total Net Position	\$ 8,249,850	\$ 399,440	\$ 18,432,234	\$ 5,420,251	\$ 32,501,775	\$ 5,916,139

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Umbrella	2017 Delinquent Tax Revolving	Thornapple Manor	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues						
Charges for services	\$ 54,299	\$ 162,573	\$ 18,279,971	\$ 805,383	\$ 19,302,226	\$ 4,568,381
Interest and penalties on delinquent taxes	17,657	226,475	--	153,449	397,581	--
Other revenues	--	--	--	--	--	11,093
Total Operating Revenues	71,956	389,048	18,279,971	958,832	19,699,807	4,579,474
Operating Expenses						
Operations	11,921	3,576	18,094,202	2,014,809	20,124,508	5,167,761
Depreciation	--	--	1,005,200	172,464	1,177,664	224,123
Total Operating Expenses	11,921	3,576	19,099,402	2,187,273	21,302,172	5,391,884
Operating Income (Loss)	60,035	385,472	(819,431)	(1,228,441)	(1,602,365)	(812,410)
Non-Operating Revenues (Expenses)						
Taxes	--	--	--	505,236	505,236	--
Intergovernmental revenues	--	--	--	1,111,202	1,111,202	--
Interest revenue	48,511	201	--	11,007	59,719	7,359
Interest expense	--	--	(149,925)	--	(149,925)	--
Other non-operating expense	--	--	(22,626)	--	(22,626)	--
Net Non-Operating Revenues (Expenses)	48,511	201	(172,551)	1,627,445	1,503,606	7,359
Income Before Contributions and Transfers	108,546	385,673	(991,982)	399,004	(98,759)	(805,051)
Transfers in	603,803	12,827	--	6,809	623,439	1,004,398
Transfers out	(593,075)	--	--	(623,439)	(1,216,514)	--
Change In Net Position	119,274	398,500	(991,982)	(217,626)	(691,834)	199,347
<i>Net Position at Beginning of Period (Restated, Note 14)</i>	8,130,576	940	19,424,216	5,637,877	33,193,609	5,716,792
Net Position at End of Period	\$ 8,249,850	\$ 399,440	\$ 18,432,234	\$ 5,420,251	\$ 32,501,775	\$ 5,916,139

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities
	Delinquent Tax Umbrella	2017 Delinquent Tax Revolving	Thornapple Manor	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities						
Cash received from customers and users	\$ 78,128	\$ (1,217,461)	\$ 17,826,469	\$ 2,530,196	\$ 19,217,332	\$ -
Cash received from interfund services	-	-	-	-	-	4,579,474
Cash payments to suppliers for goods and services	(11,921)	(1)	(5,216,396)	(617,501)	(5,845,819)	(219,993)
Cash payments to employees for services	-	-	(12,977,120)	(1,157,772)	(14,134,892)	(4,958,479)
Net Cash Provided (Used) by Operating Activities	<u>66,207</u>	<u>(1,217,462)</u>	<u>(367,047)</u>	<u>754,923</u>	<u>(763,379)</u>	<u>(598,998)</u>
Cash Flows from Noncapital Financing Activities						
Transfers in	603,803	12,827	-	6,809	623,439	1,004,398
Transfers out	(593,075)	-	-	(623,439)	(1,216,514)	-
Taxes	-	-	-	505,236	505,236	-
Intergovernmental revenue	-	-	(22,626)	990,742	968,116	-
Interfund loans advanced	(1,312,000)	-	-	(1,819,493)	(3,131,493)	-
Interfund loans received	1,276,000	1,312,000	-	552,749	3,140,749	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(25,272)</u>	<u>1,324,827</u>	<u>(22,626)</u>	<u>(387,396)</u>	<u>889,533</u>	<u>1,004,398</u>
Cash Flows from Capital and Related Financing Activities						
Principal payments on long-term debt	-	-	(225,000)	-	(225,000)	-
Interest payments on long-term debt	-	-	(149,925)	-	(149,925)	-
Purchases of capital assets	-	-	(26,552)	(59,200)	(85,752)	(195,894)
Net Cash (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(401,477)</u>	<u>(59,200)</u>	<u>(460,677)</u>	<u>(195,894)</u>
Cash Flows from Investing Activities						
Interest received	48,511	201	-	11,007	59,719	7,359
Total Cash Flows Provided by Investing Activities	<u>48,511</u>	<u>201</u>	<u>-</u>	<u>11,007</u>	<u>59,719</u>	<u>7,359</u>
Net Increase (Decrease) in Cash and Equivalents	89,446	107,566	(791,150)	319,334	(274,804)	216,865
<i>Cash and Equivalents - Beginning of Year</i>	6,805,245	17,233	3,081,901	4,679,524	14,583,903	5,126,941
Cash and Equivalents - End of Year	<u>\$ 6,894,691</u>	<u>\$ 124,799</u>	<u>\$ 2,290,751</u>	<u>\$ 4,998,858</u>	<u>\$ 14,309,099</u>	<u>\$ 5,343,806</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Funds
	Delinquent Tax Umbrella	2017 Delinquent Tax Revolving	Thornapple Manor	Other Enterprise Funds	Total Enterprise Funds	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating Income (Loss)	\$ 60,035	\$ 385,472	\$ (819,431)	\$ (1,228,441)	\$ (1,602,365)	\$ (812,410)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities						
Depreciation expense	-	-	1,005,200	172,464	1,177,664	224,123
Changes in Assets and Liabilities						
Accounts receivable	-	(1,599,129)	(456,192)	3,152	(2,052,169)	-
Taxes receivable	8,006	-	-	1,575,961	1,583,967	-
Other assets	-	-	(32,469)	-	(32,469)	-
Net OPEB asset and related deferred amounts	-	-	-	(8,177)	(8,177)	-
Accounts payable	-	3,575	(109,577)	10,335	(95,667)	(10,799)
Accrued liabilities	-	-	(15,770)	10,316	(5,454)	88
Due to other governments	(1,834)	(7,380)	-	(7,749)	(16,963)	-
Net pension liability and related deferred amounts	-	-	61,192	227,062	288,254	-
Net Cash Provided (Used) by Operating Activities	\$ 66,207	\$ (1,217,462)	\$ (367,047)	\$ 754,923	\$ (763,379)	\$ (598,998)

The Notes to the Financial Statements are an integral part of these Financial Statements
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Barry County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2018

	Private Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 50,620	\$ 552,010
<i>Total Assets</i>	<u>50,620</u>	<u>552,010</u>
LIABILITIES		
Due to other governments	--	530,183
Undistributed receipts	6,739	21,827
<i>Total Liabilities</i>	<u>6,739</u>	<u>552,010</u>
NET POSITION		
Held in Trust	<u>\$ 43,881</u>	<u>\$ --</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Combining Statement of Net Position
Discretely Presented Component Units
December 31, 2018

	Airport Commission	Road Commission	Drain Commission	Board of Public Works	Total Component Units
ASSETS					
<i>Current Assets</i>					
Cash and investments	\$ 245,531	\$ 1,796,318	\$ 429,361	\$ 19,282	\$ 2,490,492
Accounts receivable	--	2,198,710	2,550,325	3,562,318	8,311,353
Due from other governments	--	--	4,500	--	4,500
Inventories	25,953	1,828,417	--	--	1,854,370
Total Current Assets	271,484	5,823,445	2,984,186	3,581,600	12,660,715
<i>Noncurrent Assets</i>					
Capital assets not being depreciated	447,600	16,539,622	526,951	--	17,514,173
Capital assets being depreciated, net	4,529,768	22,291,464	4,262,747	--	31,083,979
Total Assets	5,248,852	44,654,531	7,773,884	3,581,600	61,258,867
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	--	--	--	18,761	18,761
Total Deferred Outflows of Resources	--	--	--	18,761	18,761
LIABILITIES					
<i>Current Liabilities</i>					
Accounts payable	8,919	195,948	145,960	--	350,827
Accrued liabilities	--	79,573	--	--	79,573
Due to other governments	--	--	535,500	--	535,500
Current portion of long-term debt	--	857,266	400,066	365,000	1,622,332
Accrued interest	--	--	22,073	25,708	47,781
Total Current Liabilities	8,919	1,132,787	1,103,599	390,708	2,636,013
<i>Noncurrent Liabilities</i>					
Long-term debt	--	3,450,000	1,476,486	3,185,346	8,111,832
Total Liabilities	8,919	4,582,787	2,580,085	3,576,054	10,747,845
DEFERRED INFLOWS OF RESOURCES					
OPEB related deferred inflows	--	551,149	--	--	551,149
Total Deferred Inflows of Resources	--	551,149	--	--	551,149
NET POSITION					
Net investment in capital assets	4,977,368	34,981,086	3,599,488	--	43,557,942
Debt service	--	--	--	24,307	24,307
Unrestricted	262,565	4,539,509	1,594,311	--	6,396,385
Total Net Position	\$ 5,239,933	\$ 39,520,595	\$ 5,193,799	\$ 24,307	\$ 49,978,634

The Notes to the Financial Statements are an integral part of these Financial Statements

Barry County
Combining Statement of Activities
Discretely Presented Component Units
For the year Ended December 31, 2018

	Economic Development Board	Airport Commission	Road Commission	Drain Commission	Board of Public Works	Total Component Units
Expenses						
Public works	\$ --	\$ --	\$ --	\$ 497,899	\$ --	\$ 497,899
Community and economic development	131,560	--	--	--	--	131,560
Interest on long-term debt	--	--	--	52,622	--	52,622
Road Commission	--	--	10,431,560	--	--	10,431,560
Board of Public Works	--	--	--	--	100,412	100,412
Airport Commission	--	315,306	--	--	--	315,306
Total Expenses	131,560	315,306	10,431,560	550,521	100,412	11,529,359
Program Revenues						
Charges for services	--	367,515	406,361	19,662	--	793,538
Operating grants and contributions	--	--	8,968,914	410,499	97,799	9,477,212
Capital grants and contributions	--	--	3,376,135	772,868	--	4,149,003
Total Program Revenues	--	367,515	12,751,410	1,203,029	97,799	14,419,753
Net Program Revenues (Expenses)	(131,560)	52,209	2,319,850	652,508	(2,613)	2,890,394
General Revenue						
Intergovernmental	116,560	--	--	--	--	116,560
Interest revenue	--	--	10,665	1,023	218	11,906
Total General Revenues	116,560	--	10,665	1,023	218	128,466
Change in Net Position	(15,000)	52,209	2,330,515	653,531	(2,395)	3,018,860
<i>Net Position at Beginning of Period</i>	15,000	5,187,724	37,190,080	4,540,268	26,702	46,959,774
Net Position at End of Period	\$ --	\$ 5,239,933	\$ 39,520,595	\$ 5,193,799	\$ 24,307	\$ 49,978,634

The Notes to the Financial Statements are an integral part of these Financial Statements

NOTES TO FINANCIAL STATEMENTS

Barry County

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The *County of Barry, Michigan* (the “County” or “government”) was organized in 1839 and covers an area of approximately 576 square miles. The County operates under a seven member elected Board of Commissioners.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

Reporting Entity

As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the County is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the government.

The financial statements for *Barry County Transit*, a nonmajor enterprise fund, are presented for the fiscal year ending September 30, 2018. This fund is audited individually. Complete financial statements are issued under separate cover and can be obtained from the entity's administrative office.

Blended Component Units

The *Barry County Department of Human Services* is governed by a three-member board, two of which are appointed by the County Board of Commissioners. The Board is responsible for establishing policies and the operational oversight of the local administration of the State of Michigan Social Welfare program and the long-term Medical Care Facility. Although the employees of the Barry County Department of Human Services are employed by the State of Michigan and substantially all programs are financed by the State, State law requires the local activities to be “blended” with the local primary government. This activity is reported in the Social Welfare special revenue fund.

The *Building Authority* is governed by a three-member board appointed by the County Board of Commissioners. Its sole purpose is to finance and construct the County’s public buildings. It has a December 31 year-end. A separate report is not prepared for the Building Authority.

Thornapple Manor Medical Care Facility (Thornapple Manor Fund) is included in these financial statements as a blended component unit for the year ended December 31, 2018. This component

Barry County

Notes to the Financial Statements

unit is also audited individually. Complete financial statements are issued under separate cover and may be obtained from Thornapple Manor's administrative office. Thornapple Manor Medical Care Facility is a 161-bed, long-term medical care unit owned and operated by Barry County. It is governed by the Barry County Department of Human Services Board. This Board consists of three members, two of which are appointed by the Barry County Board of Commissioners. The component unit is audited individually and complete financial statements may be obtained from the Thornapple Manor's administrative office.

Discretely Presented Component Units

Barry County Road Commission (the "Road Commission") – The Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission's operations are financed primarily from the State distribution of gas and weight taxes, federal financial assistance, and contributions from other local governments within the County. The three-member Board is appointed by the Barry County Board of Commissioners, which is deemed to provide the County with effective control over the Road Commission. The component unit is audited individually and complete financial statements may be obtained from the Road Commission's administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements.

Barry County Drain Commission (the "Drain Commission") - All drainage districts established pursuant to the Michigan Drain Code of 1956 are separate legal entities with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory governing board of Chapter 5 and 6 drainage districts consists of the Michigan Director of Agriculture and the drain commission of each county involved in the project. The County Drain Commission has sole responsibility to administer Chapter 3 and 4 drainage districts. A drainage board or drain commissioner, on behalf of the drainage district, may issue debt and levy special assessments without the prior approval of the County. The full faith and credit of the County may be given for the debt of the drainage district. The Drain Commissioner is required by law to make an annual report to the Board of Commissioners in October. The Drain Commission is financially accountable to the County, as defined by GAAP, and accordingly is disclosed as a component unit.

Barry County Board of Public Works (the "BPW") - The BPW is governed by a five-member Board comprised of the Drain Commissioner and four members appointed by the County Board of Commissioners. The BPW establishes policy and reviews operations of the BPW for the County Board of Commissioners. The BPW has the responsibility of administering the various public works construction projects and the associated debt service funds under the provision of Act 185 of the Public Acts of 1957. The BPW is financially accountable to the County because all general obligation bond issuances require County authorization and are backed by the full faith and credit of the County. Therefore, the BPW is considered to be fiscally dependent on the County and, accordingly, has been presented as a component unit.

Barry County Economic Development Board (the "Board") - The Board is appointed by the County Board of Commissioners. The Board may not issue debt or levy a tax without the approval of the

Barry County

Notes to the Financial Statements

County Board of Commissioners. If a millage rate is approved, the taxes would be levied under the taxing authority of the County. The Board is therefore economically dependent on the County. The Board had no resources as of December 31, 2018 to report and economic development services will be provided by the Barry County Economic Development Alliance in 2019 (an unrelated organization).

Airport Commission (the “Airport”) - The Airport is classified as a joint venture with another governmental unit. The details relating to this joint venture agreement are disclosed on the next page. Because the County is obligated to provide funding for the Airport based on the agreement described on the following page and approve its budget and rates, the Airport is fiscally dependent on the County and the City of Hastings.

Joint Ventures

The County participates in the following activities which are considered to be joint ventures in relation to the County due to the formation of an organization by contractual agreement between two or more participants that maintain joint control, financial interest, and fiscal responsibility.

Airport Commission - The County is a member of the Airport Commission, which is a joint venture that was formed by an agreement in 1977 between the Hastings City Council and the Barry County Board of Commissioners. The Commission consists of five members, two appointed by the Barry County Board of Commissioners, two appointed by the Hastings City Council, and one member at-large appointed by the Commission itself. The Commission is responsible for constructing, operating, and maintaining the airport facilities. Ownership of the property is vested in the joint venture. It may not issue debt without approval from the City and County. The agreement requires that each governmental unit provide 50% of the net budget appropriation requirements and that financial recordkeeping be maintained by the County.

Barry/Eaton District Health Department – The County is a member of the Barry/Eaton Health Department (the “Department”), which is a joint venture between Barry and Eaton Counties. Both Counties provide annual appropriations and pass-through the statutory amount of cigarette tax funding to subsidize operations. The current funding formula approved by the District Health Board requires Eaton County and Barry County to provide 63.6% and 36.4%, respectively. In addition, the treasury function for the Department rests with the Eaton County Treasurer. The operations of the Department are presented as a discretely presented component unit of Eaton County.

Jointly Governed Organizations

The County participates in the following activity that is considered to be a jointly governed organization in relation to the County, due to there being no ongoing financial interest or responsibility.

Barry County

Notes to the Financial Statements

Region III Area Agency on Aging - Barry County, in conjunction with Calhoun County, entered into an agreement, which created the Region III B Area Agency on Aging (the "Agency") that provides comprehensive services to older individuals residing in those counties. Operating revenues are derived from federal, state, and local governments, as well as fees for services. The Agency is governed by a seven-member Board appointed by the Board of Commissioners of the two counties it services. A copy of the Agency's audit can be obtained at its administrative office.

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are

Barry County

Notes to the Financial Statements

collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of special assessments in the drain commission component unit which are based on a 180-day period of availability, and expenditure-driven grants which are based on a one-year period of availability. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The County reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It is used to account for and report all financial resources not accounted for and reported in another fund.

The *central dispatch fund* accounts for the County's E-911 services, which are funded through a dedicated property tax millage and surcharge revenue under Public Act 32.

The *commission on aging fund* accounts for services provided to the elderly. Revenue is primarily generated through state and federal grants and a dedicated property tax millage.

The *building authority Thornapple Manor debt service fund* was established to account for principal and interest payments on general obligation bonds issued to fund construction projects at Thornapple Manor. Debt service payments are funded by a dedicated property tax millage.

The County reports the following major proprietary funds:

The *delinquent tax umbrella fund* accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties and interest.

The *2017 delinquent tax revolving fund* accounts for the collection and administration of delinquent property taxes levied in the year 2017.

Barry County

Notes to the Financial Statements

The *Thornapple Manor fund* accounts for the activities of the Thornapple Manor Medical Care Facility, a 161-bed long-term medical care unit owned and operated by Barry County. Revenues are primarily generated by charges for services.

Additionally, the County reports the following fund types:

Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *permanent fund* accounts for assets that are permanently restricted for cemetery perpetual care.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Internal service funds account for operations that provide services (such as equipment rentals and self-insurance) to other departments or agencies of the government, on a cost-reimbursement basis.

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity (such as taxes collected for other governments).

Private purpose trust funds are used to present activity of arrangements under which the principal and income benefit individuals, private organizations, or other governments.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and

Barry County

Notes to the Financial Statements

delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position represents amounts that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The government's cash and cash equivalents include amounts in demand deposit accounts, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value with the exception of certain money market funds that are carried at amortized cost (which approximates fair value).

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the United States, certain commercial papers, repurchase agreements, banker acceptances, and mutual funds composed of otherwise legal investments.

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

Restricted cash and cash equivalents consist of amounts set-aside for repayment of general obligation bonds and related interest thereon, in accordance with terms of the debt agreements.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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Notes to the Financial Statements

Property taxes receivable in governmental funds represent amounts due from taxpayers on the July 1 and December 1 tax levies in the general fund and other governmental funds, respectively. Any amounts outstanding on the July 1 levy after 60 days into the subsequent fiscal year are made whole by the County delinquent tax fund through an effective early tax settlement. This allows the County's general fund to recognize the full amount of the July 1 tax levy in the current year, regardless of the timing of actual collections. Any unpaid balances as of 60 days into the subsequent fiscal year are transferred to the delinquent tax revolving fund where collection is pursued. A similar process takes place between the delinquent tax fund, the other County funds with property tax levies, and other local taxing authorities within the County's geographical region in March or April.

Property taxes receivable in the delinquent tax revolving funds represent unpaid balances from the previous years' levies for the County itself as well as other local taxing authorities in the County's geographical region. The County is responsible for pursuing and administering collection of these balances and coordinating the forfeiture and foreclosure activities for the related parcels. This process takes place over a 3-year period. Interest at 1% per month (increased to 1.5% after 12 months, retroactive to the date of delinquency) and administrative fees at 4% are accrued in accordance with State statute. No amounts have been included in an allowance for uncollectible balances, as the structure of the delinquent tax revolving fund has been designed to make the fund whole either through the eventual auction of the foreclosed parcels or through chargebacks to the local taxing authorities initially levying the taxes.

All trade and property tax receivables are shown net of an allowance for uncollectibles, as applicable. At December 31, 2018, management has recorded an allowance of \$1,423,849 for uncollectible balances in the Thornapple Manor enterprise fund. Detail of the uncollectable amount may be obtained from the audit report at the Thornapple Manor administrative office.

Loans receivable in the CDBG housing special revenue fund and the HOME special revenue fund represent federal funds advanced to area residents for home improvements. Amounts must be repaid by the homeowner upon sale or foreclosure. The County has an enforceable lien on the related property. Since the County is not always able to recover the full amount of the loan, management has recorded an estimated allowance of \$54,930.

Leases receivable consist of amounts collectible from local municipalities for which the County has irrevocably pledged its full faith and credit as collateral for certain construction and improvement bonds. In accordance with contractual agreements, these entities will provide all future amounts due for bond principal and interest.

Inventories and Prepaids

Inventories in the Airport Commission consist of fuel and are valued at cost, primarily determined by the first-in, first-out (FIFO) method. Inventories of the Road Commission are priced at cost as determined on the average cost method. Certain payments to vendors reflect costs applicable to

Barry County

Notes to the Financial Statements

future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

The County has elected to use an alternative measurement method in its governmental funds and records expenditures for services extending beyond one accounting period in the period when incurred.

Capital Assets

Primary Government and Component Units (excluding Thornapple Manor, Transit, and Road Commission)

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items acquired or constructed since 1980), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost as of the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of are depreciated using the straight line method over the following estimated useful lives:

Asset Category	Years
Buildings	7-50
Land improvements	5-25
Equipment & vehicles	2-25
Drain infrastructure	50

Barry County

Notes to the Financial Statements

Thornapple Manor – Enterprise fund

All property and equipment are valued at historical cost. Donated assets are recorded at the estimated acquisition cost as of the date of donation. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Years
Land improvements	5-25
Building and improvements	10-40
Equipment	5-25

Transit - Blended Component Unit

Capital assets are capitalized at total acquisition cost, provided such cost exceeds \$5,000 and the expected useful life of the asset is more than one year. Depreciation is recorded on all depreciable capital assets on a straight-line basis over the estimated useful lives of the assets.

Asset Category	Years
Land improvements	8
Building and improvements	20
Vehicles	5-10
Furniture and equipment	2-10

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as defined in the Revenue and Expense Manual published by the Michigan Department of Transportation and/or as approved by the Bureau of Passenger Transportation (BPT).

Deferred Outflows of Resources

The County refunded certain bonds payable in order to secure lower interest rates and reduce future debt service expenditures. The difference between the carrying amount of the refunded debt and the amount placed in escrow for purposes of paying the remaining balance of refunded debt is reported as a charge on advance refunding. This amount is being amortized in the government-wide financial statements on the straight-line basis over the life of the related bonds. In addition, the County reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and expected and actual experience in its pension and OPEB plans.

Compensated Absences

Eligible employees are permitted to accumulate earned but unused vacation and sick pay benefits in varying amounts based on length of service and certain other established criteria. Sick and vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. Detail of these amounts can be found in the long-term debt footnote. A

Barry County

Notes to the Financial Statements

liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. During the year no liability was reported in the governmental funds.

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 straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as a component of interest expense when 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 an "other financing source". Premiums received on debt issuances are reported as an "other financing source" while discounts on debt issuances are reported as an "other financing use". Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

Property taxes (excluding those for the general fund, which are subject to a different timeline) are levied and attach as an enforceable lien of property on December 1. Property taxes are payable through February 14. Although the County's 2018 ad valorem tax (excluding the portion for general operations) is levied and collectible on December 1, 2018, it is the County's policy to recognize revenues from the December 1 tax levy in the subsequent year when the proceeds of this levy are budgeted and made available to finance the County's operations. Therefore, the entire amount of the December 1, 2018 levy is reported as deferred inflows of resources at year-end.

The County reports certain receivables in governmental funds that are not due and collectible soon enough to meet the criteria for revenue recognition under the current financial resources method of accounting. These amounts have also been reported as "deferred inflows of resources" in the fund financial statements, but are recognized when earned, regardless of the timing of collection, in the government-wide statements.

Finally, the County reports deferred inflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension and OPEB plans.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed

Barry County

Notes to the Financial Statements

fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Commissioners. A formal resolution of the Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds and component units, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Pensions

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 Plan and additions to/deductions from the Plan fiduciary net position have been determined on the same basis as they are reported by the 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.

Retiree Health Care Costs

The County records a net OPEB asset for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's Retiree Health Care Plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. As of December 31, 2018, the County has recorded a net OPEB asset. Investments are reported at fair value.

Barry County
Notes to the Financial Statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end. The legal level of budgetary control is at the activity level in the general fund and at the functional level inclusive of capital outlay for the special revenue funds.

All departments and budgetary centers of the county are required to submit budget requests to the County Administrator prior to August 1. The Administrator then develops and presents a proposed budget to the Board for review. The Board holds public hearings and a final budget is approved prior to December 31, the close of the County's fiscal year. The Administrator is authorized to transfer budget amounts within a single activity between accounts without Board approval provided that personnel expenditures and operating expenditures are unchanged in total. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval.

Excess of Expenditures Over Budget

Expenditures in the combining and individual fund financial statements have been presented at a level of detail greater than the level of legal budgetary control.

During the year ended December 31, 2018, the County incurred expenditures in certain budgetary funds which were in excess of the amounts budgeted, as follows:

	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund			
Land information services	\$ 336,624	\$ 344,642	\$ 8,018
Emergency services	125,052	159,197	34,145
Commission on Aging Fund			
Health and welfare	1,586,439	1,699,929	113,490

Note 3 - Deposits and Investments

The County utilizes various pooled cash accounts and investments consisting of a common checking account and mutual funds. The County's pooled cash accounts and investments are

Barry County

Notes to the Financial Statements

utilized by the general fund, special revenue funds, debt service funds, capital projects funds, internal service funds, trust and agency funds, and the component units. All other funds of the County utilize separate savings and interest-bearing checking accounts. In addition, certificates of deposit, money market funds, and U.S. government treasuries and agencies are held separately by several of the County's funds.

Following is a reconciliation of deposit and investment balances as of December 31, 2018:

	Primary Government	Component Units	Total
Statement of Net Position			
Cash and investments	\$ 31,166,545	\$ 2,490,492	\$ 33,657,037
Restricted cash	312,357	-	312,357
Statement of Fiduciary Net Position			
Cash and investments - agency funds	552,010	-	552,010
Cash and investments - private purpose trusts	50,620	-	50,620
<i>Total Deposits and Investments</i>	<u>\$ 32,081,532</u>	<u>\$ 2,490,492</u>	<u>\$ 34,572,024</u>
			\$ 1,949
			24,327,712
			391,695
			1,667,031
			241,252
			7,942,385
<i>Total Deposits and Investments</i>			<u>\$ 34,572,024</u>

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year-end, \$8,921,142 of the County's bank balance of \$10,029,919 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The County's investment policy does not specifically address this risk, although the County believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Barry County

Notes to the Financial Statements

Custodial Credit Risk - Investments. Following is a summary of the County's investments as of December 31, 2018:

Treasury and agency securities	\$ 4,134,891
Asset backed securities	313,667
Money market funds	345,128
U.S. government bonds	1,309,208
Municipal bonds	804,177
Commercial paper	377,106
MI Class	658,208
Total	\$ 7,942,385

Investments are exposed to custodial credit risk if the securities are uninsured, unregistered or held by a counterparty or its agency but not in the government's name. In accordance with the County's investment policy, all investment are held in the name of the County and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment credit risk. Credit risk ratings, where applicable, are summarized as follows:

Standards & Poor's A1	377,106
Standards & Poor's AA	393,820
Standards & Poor's AA1	5,444,099
Standards & Poor's AA+	410,357
Unavailable	1,317,002
Total	\$ 7,942,385

Barry County

Notes to the Financial Statements

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments held at year-end are summarized as follows:

No maturity	\$ 1,003,336
1-5 years	4,279,342
6-10 years	2,378,858
11-15 years	55,224
16-20 years	11,911
21-25 years	213,715
Total	<u>\$ 7,942,385</u>

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies.

Fair Value Measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County had the following recurring fair value measurements at year-end:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Treasury and Agency Securities	\$ -	\$ 4,134,891	\$ -	\$ 4,134,891
Asset Backed Securities	-	313,667	-	313,667
US Government Bonds	1,309,208	-	-	1,309,208
Municipal bonds	804,177	-	-	804,177
Commercial Paper	377,106	-	-	377,106
MI Class	-	658,208	-	658,208
	<u>\$ 2,490,491</u>	<u>\$ 5,106,766</u>	<u>\$ -</u>	<u>7,597,257</u>

Money market accounts across various investment accounts totaling \$285,298 dollars are not subject to fair value disclosure requirements

	345,128
Total	<u>\$ 7,942,385</u>

Barry County
Notes to the Financial Statements

Note 4 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2018, was as follows:

	Due to and from Primary Government Funds	
	Due from Fund	Due to Fund
General fund	\$ 637,983	\$ -
Building authority Thornapple Manor debt fund	56,687	9,861
Nonmajor governmental funds	-	75,373
Nonmajor enterprise funds	-	552,749
Trust and agency fund	-	56,687
Total	\$ 694,670	\$ 694,670

These balances resulted from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made. The balance between the delinquent tax funds is to provide cash for the annual settlement with the County funds and other taxing units. The amount will be repaid as delinquent taxes are collected.

	Advances to and from Primary Government Funds	
	Advance to Fund	Advance from Fund
General fund	\$ 86,973	\$ -
Nonmajor governmental funds	-	86,973
Total	\$ 86,973	\$ 86,973

This balance represents an interfund loan to finance capital-related activity. The advance is payable in annual installments of \$11,461.

Barry County
Notes to the Financial Statements

For the year ended December 31, 2018, interfund transfers consisted of the following:

Transfers In	Transfers Out			
	General Fund	Delinquent Tax Umbrella	Nonmajor Enterprise Funds	Total
General fund	\$ -	\$ 593,075	\$ -	\$ 593,075
Nonmajor governmental funds	747,514	-	-	747,514
Delinquent tax umbrella	-	-	603,803	603,803
2017 Delinquent tax revolving	-	-	12,827	12,827
Nonmajor enterprise funds	-	-	6,809	6,809
Internal service funds	1,004,398	-	-	1,004,398
Totals	\$ 1,751,912	\$ 593,075	\$ 623,439	\$2,968,426

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, 2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and 3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. At year-end, the Board of Commissioners authorizes any surplus in the general fund (excluding those funds collapsed into the general fund for external reporting purposes) to be transferred. In the current year, the general fund surplus of \$912,396 was transferred ratably to the building rehabilitation fund (a component of the general fund), the vehicle replacement internal service fund, and the data processing internal service fund.

Note 5 - Capital Assets

Capital asset activity for the primary government for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions	Reductions	Transfers	Balance December 31, 2018
Governmental Activities					
Capital Assets not Being Depreciated					
Land	\$ 2,734,208	\$ -	\$ -	\$ -	\$ 2,734,208
Construction in progress	41,288	-	-	(41,288)	-
Total Capital Assets not Being Depreciated	2,775,496	-	-	(41,288)	2,734,208
Capital Assets Being Depreciated					
Land improvements	1,160,404	-	-	-	1,160,404
Buildings	15,609,553	200,213	-	41,288	15,851,054
Equipment	7,174,306	294,075	69,186	-	7,399,195
Total Capital Assets Being Depreciated	23,944,263	494,288	69,186	41,288	24,410,653
Less Accumulated Depreciation					
Land improvements	714,013	40,086	-	-	754,099
Buildings	7,449,495	377,449	-	-	7,826,944
Equipment	5,213,055	506,432	46,598	-	5,672,889
Total Accumulated Depreciation	13,376,563	923,967	46,598	-	14,253,932
Total Net Capital Assets Being Depreciated	10,567,700	(429,679)	22,588	41,288	10,156,721
Total Governmental Capital Assets	\$ 13,343,196	\$ (429,679)	\$ 22,588	\$ -	\$ 12,890,929

Barry County
Notes to the Financial Statements

	Balance December 31, 2017	Additions	Reductions	Transfers	Balance December 31, 2018
Business-type Activities					
Capital Assets not Being Depreciated					
Construction in progress	\$ -	\$ 15,540	\$ -	\$ -	\$ 15,540
Total Capital Assets not Being Depreciated	<u>-</u>	<u>15,540</u>	<u>-</u>	<u>-</u>	<u>15,540</u>
Capital Assets Being Depreciated					
Land improvements	2,057,715	-	-	-	2,057,715
Buildings and improvements	26,355,357	7,948	-	-	26,363,305
Equipment and vehicles	6,467,928	86,999	333,002	-	6,221,925
Total Capital Assets Being Depreciated	<u>34,881,000</u>	<u>94,947</u>	<u>333,002</u>	<u>-</u>	<u>34,642,945</u>
Less Accumulated Depreciation					
Land improvements	757,587	79,353	-	-	836,940
Buildings and improvements	6,807,311	678,001	-	-	7,485,312
Equipment and vehicles	4,176,627	420,310	308,267	-	4,288,670
Total Accumulated Depreciation	<u>11,741,525</u>	<u>1,177,664</u>	<u>308,267</u>	<u>-</u>	<u>12,610,922</u>
Total Net Capital Assets Being Depreciated	<u>23,139,475</u>	<u>(1,082,717)</u>	<u>(24,735)</u>	<u>-</u>	<u>22,032,023</u>
Total Business-type Capital Assets	<u>\$ 23,139,475</u>	<u>\$ (1,067,177)</u>	<u>\$ (24,735)</u>	<u>\$ -</u>	<u>\$ 22,047,563</u>

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

Governmental Activities

General government	\$ 277,326
Culture and recreation	75,039
Public safety	280,876
Health and welfare	66,613
Internal service funds	224,113
Total Governmental Activities	<u>\$ 923,967</u>

Business-type Activities

Thornapple Manor	\$ 1,005,200
Transit	172,464
Total Business-type Activities	<u>\$ 1,177,664</u>

Capital assets held by the internal service funds are charged to the various functions based on their usage of the assets.

Barry County
Notes to the Financial Statements

Discretely presented component units

Capital assets activity for the component units for the year ended December 31, 2018 was as follows:

	Balance December 31, 2017	Additions	Reductions	Transfers	Balance December 31, 2018
Drainage Districts					
Capital Assets not Being Depreciated					
Construction in progress	\$ 180,562	\$ 729,407	\$ -	\$ (383,018)	\$ 526,951
Total Capital Assets not Being Depreciated	180,562	729,407	-	(383,018)	526,951
Capital Assets Being Depreciated					
Drain infrastructure	5,325,776	-	-	383,018	5,708,794
Vehicles	53,350	29,558	9,350	-	73,558
Total Capital Assets Being Depreciated	5,379,126	29,558	9,350	383,018	5,782,352
Less Accumulated Depreciation					
Drain infrastructure	1,412,298	102,163	-	-	1,514,461
Vehicles	4,057	4,567	3,480	-	5,144
Total Accumulated Depreciation	1,416,355	106,730	3,480	-	1,519,605
Total Net Capital Assets Being Depreciated	3,962,771	(77,172)	5,870	383,018	4,262,747
Total Drainage Districts Capital Assets	\$ 4,143,333	\$ 652,235	\$ 5,870	\$ -	\$ 4,789,698

	Balance December 31, 2017	Additions	Reductions	Transfers	Balance December 31, 2018
Airport Commission					
Capital Assets not Being Depreciated					
Land	\$ 285,000	\$ -	\$ -	\$ -	\$ 285,000
Construction in progress	757,676	146,052	-	(741,128)	162,600
Total Capital Assets not Being Depreciated	1,042,676	146,052	-	(741,128)	447,600
Capital Assets Being Depreciated					
Land improvements	5,106,885	29,909	-	741,128	5,877,922
Buildings	1,532,537	401,200	-	-	1,933,737
Equipment	269,554	-	-	-	269,554
Total Capital Assets Being Depreciated	6,908,976	431,109	-	741,128	8,081,213
Less Accumulated Depreciation					
Land improvements	3,057,623	160,025	-	-	3,217,648
Buildings	228,592	33,574	-	-	262,166
Equipment	55,827	15,804	-	-	71,631
Total Accumulated Depreciation	3,342,038	209,403	-	-	3,551,445
Total Net Capital Assets Being Depreciated	3,566,938	221,706	-	741,128	4,529,768
Total Airport Commission Capital Assets	\$ 4,609,614	\$ 367,758	\$ -	\$ -	\$ 4,977,368

Note 6 - Long-term Debt

General Obligation Bonds. The government issues general obligation bonds to provide funds to construct major capital facilities and refund previously issued bonds. Such bonds are generally repaid from voter-approved property tax levies, interfund transfers, and contributions from local municipalities. The County has pledged its full faith and credit for payment on the general obligation bonds. Also, under the terms of certain bond agreements, local units have pledged their full faith and credit to pay the County each year such amounts.

General obligation bonds of the Board of Public Works component unit are offset by capital leases receivable from the local units of government for which the bonds were issued in the County's

Barry County
Notes to the Financial Statements

name. The terms of these capital leases, which relate to infrastructure constructed by the County on behalf of the local units, match the debt maturity requirements of the related bonds.

Long-term debt activity for the year ended December 31, 2018, was as follows:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018	Due Within One Year
Primary Government					
Governmental Activities					
General obligation bonds	\$ 11,260,000	\$ -	\$ (1,145,000)	\$ 10,115,000	\$ 1,230,000
Compensated absences	675,581	27,775	-	703,356	221,557
Bond premiums and discounts, net	835,837	-	(115,288)	720,549	115,288
Total Governmental Activities	<u>\$ 12,771,418</u>	<u>\$ 27,775</u>	<u>\$ (1,260,288)</u>	<u>\$ 11,538,905</u>	<u>\$ 1,566,845</u>
Business-type Activities					
Capital leases payable	\$ 5,050,000	\$ -	\$ (225,000)	\$ 4,825,000	\$ 250,000
Compensated absences	479,266	102,387	-	581,653	197,762
Total Business-type Activities	<u>\$ 5,529,266</u>	<u>\$ 102,387</u>	<u>\$ (225,000)</u>	<u>\$ 5,406,653</u>	<u>\$ 447,762</u>
Component Units					
Drainage Districts					
General obligation bonds	\$ 773,820	\$ -	\$ (87,478)	\$ 686,342	\$ 45,080
Drain notes and other debt	1,306,522	241,249	(357,561)	1,190,210	354,986
	<u>2,080,342</u>	<u>241,249</u>	<u>(445,039)</u>	<u>1,876,552</u>	<u>400,066</u>
Board of Public Works					
General obligation bonds	3,985,346	-	(435,000)	3,550,346	365,000
Total Component Units	<u>\$ 6,065,688</u>	<u>\$ 241,249</u>	<u>\$ (880,039)</u>	<u>\$ 5,426,898</u>	<u>\$ 765,066</u>

Significant details regarding outstanding long-term debt are presented below:

Primary Government

The Barry County Board of Commissioners is party to long-term lease agreements for rental of the Medical Care Facility Buildings and the Friend of the Court Building from the Barry County Building Authority. The lease agreements stipulate that annual rentals will be paid by the County or other local government to the Building Authority in amounts sufficient to meet the annual principal and interest on bonds, which shall be pledged exclusively for that purpose. When all debt has been retired on these buildings, the rentals will cease, title to the buildings will be transferred to the County, or local government where applicable.

Bonds and loans payable at December 31, 2018 for governmental activities are as follows:

\$950,000 Building Authority Bonds, Series 2002, dated July 25, 2002, due in annual installments ranging from \$25,000 to \$75,000 through July 1, 2021, with interest ranging from 4.90 to 5.85%, payable semi-annually.	\$ 225,000
\$13,685,000 Building Authority - Medical Care Facility Refunding Bonds, dated November 15, 2012, due in annual installments ranging from \$25,000 to \$1,635,000 through April 1, 2025, with interest ranging from 2.00 to 4.00%, payable semi-annually.	9,890,000
Total general obligation debt - governmental activities	<u>\$ 10,115,000</u>

Barry County
Notes to the Financial Statements

For the governmental activities, compensated absences are generally liquidated by the general fund.

Capital leases payable at December 31, 2018 for business-type activities are as follows:

\$6,000,000 Building Authority - Medical Care Facility Bonds, dated April 17, 2012, due in annual installments ranging from \$175,000 to \$750,000 through April 1, 2032, with interest ranging from 2.00 to 3.55%, payable semi-annually. \$ 4,825,000

Component Units

Drainage Districts

The County has irrevocably pledged its full faith and credit as collateral for the following drain notes and amounts owed to other governmental units. These projects are administered by the Barry County Drain Commission for various local drainage districts. The drain obligations were issued to finance the various construction funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Notes payable and amounts owed to other governmental units at December 31, 2018 per respective drain projects serviced from the debt service funds of the Drainage Districts are as follows:

General Obligation Bonds

\$1,358,000 2016 Drain Bonds issued jointly with Allegan County and Barry County is responsible for 60% (\$814,800 at issuance); due in annual installments of \$90,533 (Barry County responsible for \$54,320) through 2031, with interest at 2.59%, payable semi-annually. \$ 686,342

Barry County
Notes to the Financial Statements

Drain Notes

\$380,000 Chase drain special assessment district note dated September 23, 2011, due in annual installments of \$38,000 through June 1, 2021, with interest at 2.92%, payable semi-annually.	\$ 114,000
\$448,000 Sandy Beach drain special assessment district note dated October 25, 2011, due in annual installments of \$39,086 through June 1, 2021, with interest at 3.89%, payable semi-annually.	117,256
\$410,000 Algonquin Lake drain special assessment district note dated June 13, 2012, due in annual installments of \$35,000 to \$45,000 through June 1, 2022, with interest ranging from 0.65 to 3.30%, payable annually.	107,255
\$300,000 Middleville Towne Center drain special assessment district note dated September 17, 2013, due in annual installments of \$30,000 through June 1, 2023, with interest at 2.73%, payable annually.	150,000
\$190,000 Hastings Charter Township #1 drain special assessment district note dated June 19, 2014, due in annual installments of \$19,000 through June 1, 2024, with interest at 2.73%, payable annually.	114,000
\$202,000 MacKenzie drain assessment district note dated March 25, 2015, due in annual installments of \$28,857 through June 1, 2022, with interest at 1.90%, payable annually.	115,429
\$293,562 Duncan Lake #2 drain assessment district note dated July 1, 2016, due in annual installments of \$41,937 through June 1, 2022, with interest at 1.78%, payable annually.	209,688
\$32,000 Crystal Lake Dam drain assessment district note dated November 1, 2017, due in annual installments of \$10,667 through November 1, 2020, with interest at 1.48%, payable annually.	21,333
\$241,249 Gun Lake Dam special assessment district note dated February 9, 2018, due in annual installments of \$120,625 through June 1, 2020, with interest at 1.85%, payable annually.	241,249
Total notes payable - Drainage Districts	\$ 1,190,210

Board of Public Works

The County through the Board of Public Works has constructed water and sewer facilities for various local municipalities. The County is leasing them to the local municipalities, who are operating, maintaining, and managing the systems. General obligation bonds were sold with the full faith and credit of the local municipalities, and the County pledge to the payment pursuant to Act 185, Public Acts of Michigan 1957, as amended. The principal and interest on bonds outstanding are to be paid out of money received from the local municipalities by the Board of Public Works of the County pursuant to the lease agreements. Upon final payment of the respective bond issues, ownership of the assets will revert to the local municipalities.

Barry County
Notes to the Financial Statements

Bonds payable at December 31, 2018 of the Board of Public Works are as follows:

\$650,000 Water Supply System Bonds dated June 26, 2003, due in annual installments ranging from \$25,000 to \$40,000 through October 1, 2024, with interest at 2.5% payable semi-annually.	\$ 223,281
\$1,040,000 Water Supply System Bonds Series A dated August 23, 2006, due in annual installments ranging from \$10,000 to \$15,000 through October 1, 2026, with interest at 2.125%, payable semi-annually.	525,000
\$205,000 Water Supply System Bonds Series B dated August 23, 2006, due in annual installments ranging from \$10,000 to \$15,000 through October 1, 2026, with interest at 2.125%, payable semi-annually.	85,000
\$465,000 Fawn Lake Extension note, dated July 25, 2006, due in annual installments ranging from \$20,000 to \$25,000 through April 1, 2026, with interest ranging from 4.125 to 4.0%, payable semi-annually.	200,000
\$450,000 Yankee Springs arsenic removal bonds, dated March 29, 2007, payable in annual installments ranging from \$20,000 to \$25,000 through October 1, 2026, with interest at 2.125%, payable semi-annually.	225,000
\$2,763,000 Leach and Middle Lake Sanitary Sewer System Bonds, dated January 22, 2010, payable in annual installments ranging from \$148,000 to \$155,000, with interest at 2.5%, payable semi-annually.	1,677,065
\$885,000 Michigan Transportation Fund Refunding Bonds, series 2013, dated September 9, 2013, payable in annual installments ranging from \$65,000 to \$75,000, with interest ranging from 0.8 to 3.6%, payable semi-annually.	615,000
Total bonds payable - Board of Public Works	\$ 3,550,346

Annual debt service requirements to maturity for long-term debt (excluding compensated absences payable), are as follows:

Year Ending December 31,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,230,000	\$ 379,100	\$ 250,000	\$ 146,300
2020	1,315,000	332,850	250,000	140,988
2021	1,405,000	277,325	275,000	134,738
2022	1,420,000	218,200	300,000	127,175
2023	1,510,000	159,600	300,000	118,553
2024-2028	3,235,000	130,100	1,700,000	445,516
2029-2033	-	-	1,750,000	127,187
	\$ 10,115,000	\$ 1,497,175	\$ 4,825,000	\$ 1,240,457

Barry County

Notes to the Financial Statements

Year Ending December 31,	Board of Public Works - Component Unit		Drainage Districts - Component Unit	
	Principal	Interest	Principal	Interest
2019	\$ 365,000	\$ 88,239	\$ 400,066	\$ 47,390
2020	365,000	79,386	401,233	36,584
2021	375,000	70,179	271,139	27,119
2022	375,000	60,556	195,282	20,023
2023	385,000	51,878	140,872	15,524
2024-2028	1,513,281	110,366	288,755	45,044
2029-2033	172,065	2,151	179,205	9,362
	<u>\$ 3,550,346</u>	<u>\$ 462,755</u>	<u>\$ 1,876,552</u>	<u>\$ 201,046</u>

Barry County
Notes to the Financial Statements

Note 7 - Fund Balances - Governmental Funds

The County reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Central Dispatch	Commission on Aging	Building Authority Thornapple Manor Debt	Nonmajor Governmental Funds	Totals
Nonspendable						
Advances to other funds	\$ 86,973	\$ -	\$ -	\$ -	\$ -	\$ 86,973
Permanent fund corpus	-	-	-	-	30,925	30,925
	<u>86,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,925</u>	<u>117,898</u>
Restricted						
Central dispatch/E-911	-	1,482,658	-	-	-	1,482,658
Senior services	-	-	938,127	-	-	938,127
Cemetery perpetual care	-	-	-	-	358	358
Thornapple Manor debt	-	-	-	529,586	-	529,586
Animal services/shelter	-	-	-	-	290,418	290,418
Community outreach	-	-	-	-	15,954	15,954
Register of deeds systems	-	-	-	-	116,987	116,987
Judicial programs	-	-	-	-	53,865	53,865
Law enforcement	-	-	-	-	109,490	109,490
Housing rehabilitation	-	-	-	-	1,061,129	1,061,129
Criminal diversion	-	-	-	-	437,502	437,502
Other purposes	-	-	-	-	135,200	135,200
	<u>-</u>	<u>1,482,658</u>	<u>938,127</u>	<u>529,586</u>	<u>2,220,903</u>	<u>5,171,274</u>
Committed						
Hazardous waste disposal	-	-	-	-	192,418	192,418
Remonumentation plan	-	-	-	-	19,017	19,017
County parks	-	-	-	-	175,586	175,586
Child and family services	-	-	-	-	3,499,331	3,499,331
Public safety programs	-	-	-	-	10,117	10,117
Judicial programs	-	-	-	-	268,706	268,706
Debt service	-	-	-	-	27,974	27,974
Building improvements	1,845,701	-	-	-	597,672	2,443,373
Other purposes	72,217	-	-	-	38,388	110,605
	<u>1,917,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,829,209</u>	<u>6,747,127</u>
Assigned for Master Land Use	60,000	-	-	-	-	60,000
Unassigned	2,199,449	-	-	-	-	2,199,449
Total fund balances - governmental funds	<u>\$ 4,264,340</u>	<u>\$ 1,482,658</u>	<u>\$ 938,127</u>	<u>\$ 529,586</u>	<u>\$ 7,081,037</u>	<u>\$ 14,295,748</u>

Barry County
Notes to the Financial Statements

Note 8 - Net Investment in Capital Assets

The composition of the County's net investment in capital assets as of December 31, 2018 was as follows:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 2,734,208	\$ 15,540
Capital assets being depreciated, net	10,156,721	22,032,023
	<u>12,890,929</u>	<u>22,047,563</u>
Related debt:		
Total installment debt	10,115,000	4,825,000
Bond premiums and discounts, net	720,549	-
Deferred charge on advance refunding	459,175	-
Less: Medical care facility refunding bonds and related deferred amounts*	(11,069,724)	-
	<u>225,000</u>	<u>4,825,000</u>
Net investment in capital assets	<u>\$ 12,665,929</u>	<u>\$ 17,222,563</u>

* These bonds are reported in governmental activities because they are being repaid with a dedicated property tax millage. However, the assets are owned by Thornapple Manor and recorded in the Thornapple Manor enterprise fund.

Note 9 - Risk Management

Primary Government

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Each participating fund of the County makes payments to the respective self- insurance internal service fund equal to an established percentage of gross salaries for that fund. These payments are accounted for as fringe benefit charges in the paying fund and charges for services in the receiving fund.

The County is completely self-insured for disability benefits. The plan covers all employees except employees at the Medical Care facility. The Disability Benefits Plan provides benefits of 67% of current wages, for a period not to exceed 52 weeks. Benefits commence on the eighth day after a disabling injury or illness. The program is administered by a third party that coordinates claims review and processing.

The County is fully insured for workers' compensation claims through the Michigan Counties Workers' Compensation Fund.

Barry County

Notes to the Financial Statements

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

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

In addition, MMRMA has accumulated resources to create and fund an internal stop loss fund. The stop loss fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$250,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$250,000 net of reinsurance recoveries are paid entirely from the internal stop loss fund. If at any time the stop loss fund is insufficient to fund the County's losses, the remaining liability shall become the responsibility of MMRMA as a whole.

Settled claims have not exceeded insurance coverage for any of the self-insured programs in the previous three years. The County has not recorded an estimate for claims incurred but not reported related to the workers' compensation and disability plans as these amounts are expected to be immaterial.

The changes in the claims liability for the previous two years are as follows:

		MMRMA	
	Disability	Liability	Totals
Liability, January 1, 2017	\$ -	\$ 87,389	\$ 87,389
Claims and changes in estimates	48,178	(31,148)	17,030
Claim payments	(48,178)	(24,941)	(73,119)
Liability, December 31, 2017	-	31,300	31,300
Claims and changes in estimates	49,142	(53,102)	(3,960)
Claim payments	(49,142)	35,042	(14,100)
Liability, December 31, 2018	\$ -	\$ 13,240	\$ 13,240

Barry County
Notes to the Financial Statements

Note 10 - Property Taxes

Property taxes are levied on the assessed taxable value of the property as established by local units, accepted by the County and equalized under State statute at approximately 50% of the current estimated market value.

Tax Abatements

Industrial property tax abatements are granted in the State of Michigan under Public Act 198, as amended, to promote economic development, creation of jobs, and new or improvement facilities. The industrial facilities tax (IFT) exemption must be approved by both the local unit (after a public hearing is held) and the State of Michigan. IFT exemptions can cover real and/or personal property. By State law, the exemption must be applied for no later than six months after commencement of the project, and must be accompanied by a written agreement between the taxpayer and the local unit. An exemption allows for taxation on IFT property at 50% of the local property tax millage rate for a period of 1 to 12 years. Accordingly, such agreements meet the criteria of "tax abatements" under GASB Statement No. 77. Property taxes abated by the County in 2018 amounted to \$28,341.

Note 11 - Contingent Liabilities

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County and its attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

Note 12 - Employee Retirement Systems and Plans

Primary Government

General Information About the Plan

Plan Description. The primary government participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required

Barry County

Notes to the Financial Statements

supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Included in the Plan are the employees of the Transit enterprise fund and the Thornapple Manor enterprise fund. While part of a single plan, these funds are administratively separate from the rest of the County and have chosen to report plan information using a different measurement date. Accordingly, it is not practical to present disclosures for the plan as a whole in this report. For information about the plan for Transit and Thornapple Manor employees, refer to the separately issued financial statements.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 1.5% to 2.5%. Participants are considered to be fully vested in the plan after 6 or 10 years, depending on bargaining unit. Normal retirement age is 60 with early retirement options available for certain bargaining units. Member contributions range from 0% to 9.03% of covered wages, as summarized in the table on the following page.

Employees Covered by Benefit Terms. At December 31, 2017, plan membership for governmental activities consisted of the following:

Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>181</u>
Total membership	<u>366</u>

Barry County

Notes to the Financial Statements

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are expressed as a percentage of payroll for open divisions and as a fixed monthly amount for closed divisions as summarized in the following table for the plan as a whole:

Division	Plan Type	Status	Employer Contribution Rate	Employee Contribution Rate
911 Central Dispatch Supervisors	Defined Benefit	Open	19.09%	0.57%
911 Central Dispatch (after 5/11)	Defined Benefit	Open	9.60%	0.00%
Hybrid	Hybrid	Open	7.71%	0.00%
BCCEA - Court House	Defined Benefit	Closed	18,917	5.99%
Elected Officials	Defined Benefit	Closed	13,775	3.70%
Sheriff - Corrections	Defined Benefit	Closed	11,383	9.03%
General	Defined Benefit	Closed	9,634	0.00%
911 Central Dispatch	Defined Benefit	Closed	117	3.00%
Department Heads	Defined Benefit	Closed	30,091	3.70%
Sheriff - Command	Defined Benefit	Closed	31,087	6.06%
Jail Administrator	Defined Benefit	Closed	367	0.00%

Net Pension Liability. The County's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017.

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

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

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

Barry County

Notes to the Financial Statements

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money- Weighted Rate of Return
Global equity	57.5%	5.02%	2.89%
Global fixed income	20.0%	2.18%	0.44%
Real assets	12.5%	4.23%	0.51%
Diversifying strategies	10.0%	6.56%	0.66%
	<u>100.0%</u>		
Inflation			3.25%
Administrative expenses netted above			<u>0.25%</u>
Investment rate of return			<u>8.00%</u>

Discount Rate. The discount rate used to measure the total pension liability is 8.00% for 2018. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Barry County
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Changes in Net Pension Liability

The components of the change in the net pension liability for governmental activities are summarized as follows:

	Total Pension Liability (a)	Net Position (b)	Liability (a) - (b)
Balances at December 31, 2017	\$ 51,877,682	\$ 40,480,754	\$ 11,396,928
Charges for the year:			
Service cost	896,719	-	896,719
Interest	4,084,570	-	4,084,570
Differences between expected and actual experience	121,436	-	121,436
Employer contributions	-	2,309,633	(2,309,633)
Employee contributions	-	304,826	(304,826)
Net investment income	-	(1,608,133)	1,608,133
Transfers and fees	-	64	(64)
Benefit payments, including refunds of employee contributions	(2,659,269)	(2,659,269)	-
Administrative expense	-	(79,362)	79,362
Other changes	(102,970)	(37,525)	(65,445)
Net changes	2,340,486	(1,769,766)	4,110,252
Balances at December 31, 2018	\$ 54,218,168	\$ 38,710,988	15,507,180
Amount reported in Thornapple Manor enterprise fund			155,580
Amount reported in Transit enterprise fund			728,394
Total primary government			\$ 16,391,154

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County's governmental activities, calculated using the discount rate of 8.0%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.0%) or 1% higher (9.0%) than the current rate:

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
County's net pension liability	\$ 21,943,305	\$ 15,507,180	\$ 10,105,066

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

For the year ended December 31, 2018, the County's governmental activities recognized pension expense of \$2,769,576.

Barry County
Notes to the Financial Statements

The County reported pension-related deferred outflows/inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 3,221,710	\$ -	\$ 3,221,710
Differences between expected and actual experience	-	215,323	(215,323)
Changes of assumptions	704,229	-	704,229
	<u>3,925,939</u>	<u>215,323</u>	<u>3,710,616</u>
Amount reported in Thornapple Manor enterprise fund	983,316	985,029	(1,713)
Amount reported in Transit enterprise fund	81,473	122,269	(40,796)
Total	<u>\$ 4,990,728</u>	<u>\$ 1,322,621</u>	<u>\$ 3,668,107</u>

Amounts reported as pension-related deferred outflows/inflows of resources for governmental activities will be recognized in pension expense as follows:

Year Ended December 31,	Amount
2019	\$ 1,312,687
2020	713,726
2021	897,494
2022	786,709

Payable to the Pension Plan. At December 31, 2018, the County (governmental activities) reported a payable of \$139,965 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2018.

Deferred Compensation Plan

The County offers a supplemental retirement program in accordance with Section 457 of the Internal Revenue Code (IRC) that will provide for payments on retirement, as well as death benefits in the event of death prior to retirement. The Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. As such, these amounts have not been included in the financial statements.

Barry County
Notes to the Financial Statements

Note 13 - Other Postemployment Benefits

Plan Description

The Barry County Retiree Health Care Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by Barry County. The Plan provides certain health care benefits and life insurance, in accordance with union agreements and/or personnel policies to employees who have retired.

Benefits Provided and Contributions

The Plan was established and is being funded under the authority of the County. The County 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 County made contributions to advance-fund these benefits, as determined by the County Board of Commissioners.

Membership of the Plan consisted of the following at the date of the latest actuarial valuation (December 31, 2017):

Inactive plan members or beneficiaries currently receiving benefits	30
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>178</u>
Total employees covered by the plan	<u>208</u>

Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017 and a measurement date of September 30, 2018 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75% to 14.75%
Investment rate of return	7.00%
Discount rate	7.00%
Average retirement age	Based on service, 100% assumed at age 70
Mortality	RP-2014 employee tables for males and females; projected using scale MP-2017
Health Care Trend Rates	Ranges from 4.50% to 9.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. This discount rate is used to determine the Total OPEB Liability. December 31, 2018 is the first year of required compliance with GASB 75, so there is no required discount rate change to disclose.

Barry County

Notes to the Financial Statements

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The investment rate of return was assumed to be 7 percent, net of OPEB plan investment expense, including inflation. The long-term expected rate of return on OPEB plan investments was determined by using the long-term expected rate of return using the target asset allocation:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50%	8.65%
Global fixed income	18.50%	3.76%
Real assets	13.50%	9.72%
Diversifying strategies	12.50%	7.50%
Total	100.00%	7.75%

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

Changes in OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at December 31, 2017	\$ 1,060,076	\$ 1,434,846	\$ (374,770)
Service cost	46,640	-	46,640
Interest	71,285	-	71,285
Contributions - employer	-	24,776	(24,776)
Net investment income	-	98,387	(98,387)
Benefit payments	(83,410)	(83,410)	-
Net changes	34,515	39,753	(5,238)
Balance at December 31, 2018	\$ 1,094,591	\$ 1,474,599	\$ (380,008)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the employer, calculated using the discount rate of 7 percent, as well as what the employer's net OPEB liability would be using a discount rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability (Asset)	\$ (283,440)	\$ (380,008)	\$ (495,104)

Barry County
Notes to the Financial Statements

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the employer, calculated using the healthcare cost trend rate, as well as what the employer's net OPEB liability would be using a healthcare cost trend rate that is 1 percentage point lower or higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Net OPEB Liability (Asset)	\$ (428,523)	\$ (380,008)	\$ (324,812)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Plan

For the year ended December 31, 2018, the County recognized OPEB expense of \$26,399. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 341,510
Changes in assumptions	17,121	-
Net difference between projected and actual earnings in OPEB plan investments	-	48,940
Total	\$ 17,121	\$ 390,450

Amounts reported as deferred outflows / (inflows) of resources will be recognized in OPEB expense (income) as follows:

Years Ending December 31,	Amount
2019	\$ (47,072)
2020	(47,072)
2021	(47,072)
2022	(30,759)
2023	(30,525)
2024+	(170,829)

Note 14 - Adoption of New Accounting Standard

Adoption of New Accounting Standard

During the current year, the County adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, governmental activities decreased its net OPEB asset by \$968,488 and business-type activities, along with the Barry

Barry County

Notes to the Financial Statements

County Transit fund, decreased its net OPEB asset by \$39,779. Net position within governmental activities, business-type activities, and the Barry County Transit fund had a corresponding decrease in net position, respectively. Following is a summary of the restatement:

	Governmental Activities	Business-type Activities
Net Position - December 31, 2017, as previously reported	\$ 10,116,543	\$ 33,233,388
Adoption of GASB Statement No. 75	(968,488)	(39,779)
Net Position - January 1, 2018, as restated	<u>\$ 9,148,055</u>	<u>\$ 33,193,609</u>

REQUIRED SUPPLEMENTARY INFORMATION

Barry County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund
For the year Ended December 31, 2018

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Taxes	\$ 11,289,105	\$ 11,557,116	\$ 11,627,496	\$ 70,380
Intergovernmental	1,927,194	1,955,051	2,051,759	96,708
Licenses and permits	144,700	101,819	96,110	(5,709)
Charges for services	1,818,503	1,736,603	1,721,947	(14,656)
Fines and forfeitures	18,000	24,500	36,263	11,763
Interest and rentals	94,156	97,456	107,311	9,855
Other revenues	180,500	95,243	130,438	35,195
Total Revenues	15,472,158	15,567,788	15,771,324	203,536
Other Financing Sources				
Transfers in	768,153	779,614	593,075	(186,539)
Total Revenues and Other Financing Sources	16,240,311	16,347,402	16,364,399	16,997
Expenditures				
General Government				
Board of commissioners	170,073	177,419	172,822	4,597
Trial court	1,685,810	1,686,296	1,551,613	134,683
Jury board	11,000	11,000	3,367	7,633
Probate court	839,883	843,476	822,452	21,024
Adult probation	9,546	9,546	7,809	1,737
County administrator	299,873	299,873	280,546	19,327
Elections	89,400	89,400	49,317	40,083
Legal counsel	75,000	75,000	60,002	14,998
Clerk	573,799	573,799	546,786	27,013
Equalization	201,875	202,970	180,591	22,379
Prosecuting attorney	766,697	766,697	746,836	19,861
Extraditions	3,000	3,000	212	2,788
Register of deeds	284,814	284,814	266,480	18,334
Land information services	336,624	336,624	344,642	(8,018)
Treasurer	249,701	249,701	235,166	14,535
Tax tribunal refunds	10,000	10,000	8,314	1,686
Cooperative extension	118,783	118,783	117,099	1,684
Courthouse and grounds	999,870	613,542	552,674	60,868
Drain commissioner	204,276	204,276	174,665	29,611
Total General Government	6,930,024	6,556,216	6,121,393	434,823

Barry County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Consolidated General Fund (Continued)
For the year Ended December 31, 2018

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Expenditures				
Public Safety				
Sheriff	\$ 3,002,577	\$ 3,039,564	\$ 3,008,667	\$ 30,897
Secondary road patrol	113,655	118,547	104,111	14,436
Snowmobile enforcement	784	1,395	898	497
Court security	94,743	98,743	96,648	2,095
Marine safety	135,020	142,569	122,068	20,501
Emergency services	112,881	125,052	159,197	(34,145)
Jail	2,242,358	2,280,995	2,202,090	78,905
Animal control	77,274	77,274	72,169	5,105
Total Public Safety	5,779,292	5,884,139	5,765,848	118,291
Public Works				
Appropriations for public works	11,334	41,334	39,180	2,154
Health and Welfare				
District health department	449,580	449,580	449,580	--
Health department building	135,481	135,481	128,785	6,696
Animal shelter	372,837	376,409	366,154	10,255
Soldiers' and sailors' relief	40,000	40,000	3,950	36,050
Substance abuse	78,951	78,951	73,704	5,247
Veterans' affairs	41,900	41,900	34,549	7,351
Veterans' burials	37,500	37,500	30,000	7,500
Mental health	154,500	154,500	154,500	--
Total Health and Welfare	1,310,749	1,314,321	1,241,222	73,099
Community and Economic Development				
Planning and zoning	244,929	252,391	245,215	7,176
Appropriation to economic development corporation	116,560	116,560	116,560	--
Agriculture preservation	7,200	7,200	1,798	5,402
Appropriation to soil conservation	30,500	30,500	30,500	--
Total Community and Economic Development	399,189	406,651	394,073	12,578
Recreation and Culture				
Parks and recreation	58,140	58,140	46,321	11,819
Other				
Insurance and bonds	401,009	386,067	381,067	5,000
Other	280,025	291,025	210,479	80,546
Total Other	681,034	677,092	591,546	85,546
Capital Outlay	7,400	67,291	60,833	6,458
Total Expenditures	15,177,162	15,005,184	14,260,416	744,768
Other Financing Uses				
Transfers out	2,086,407	2,097,537	1,751,912	345,625
Total Expenditures and Other Financing Uses	17,263,569	17,102,721	16,012,328	1,090,393
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,023,258)	(755,319)	352,071	1,107,390
Net Change in Fund Balance	(1,023,258)	(755,319)	352,071	1,107,390
<i>Fund Balance at Beginning of Period</i>	<i>3,912,269</i>	<i>3,912,269</i>	<i>3,912,269</i>	<i>--</i>
Fund Balance at End of Period	\$ 2,889,011	\$ 3,156,950	\$ 4,264,340	\$ 1,107,390

Barry County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Central Dispatch
For the year Ended December 31, 2018

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,436,653	\$ 1,436,653	\$ 1,428,752	\$ (7,901)
Intergovernmental	215,000	215,000	237,099	22,099
Interest and rentals	10,000	10,000	14,083	4,083
Other revenues	75	75	153	78
Total Revenues	1,661,728	1,661,728	1,680,087	18,359
Expenditures				
Public safety	2,050,950	2,050,950	1,657,039	393,911
Total Expenditures	2,050,950	2,050,950	1,657,039	393,911
Excess (Deficiency) of Revenues Over Expenditures	(389,222)	(389,222)	23,048	412,270
Net Change in Fund Balance	(389,222)	(389,222)	23,048	412,270
<i>Fund Balance at Beginning of Period</i>	1,459,610	1,459,610	1,459,610	--
Fund Balance at End of Period	\$ 1,070,388	\$ 1,070,388	\$ 1,482,658	\$ 412,270

Barry County
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
Commission on Aging
For the year Ended December 31, 2018

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Taxes	\$ 1,000,909	\$ 1,000,909	\$ 992,881	\$ (8,028)
Intergovernmental	357,530	357,530	402,056	44,526
Charges for services	253,300	253,300	258,351	5,051
Interest and rentals	3,000	3,000	2,546	(454)
Other revenues	35,500	35,500	32,433	(3,067)
Total Revenues	1,650,239	1,650,239	1,688,267	38,028
Other Financing Sources				
Transfers in	1,200	1,200	--	(1,200)
Total Revenues and Other Financing Sources	1,651,439	1,651,439	1,688,267	36,828
Expenditures				
Health and welfare	1,586,439	1,586,439	1,699,929	(113,490)
Capital outlay	65,000	65,000	62,138	2,862
Total Expenditures	1,651,439	1,651,439	1,762,067	(110,628)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	--	--	(73,800)	(73,800)
Net Change in Fund Balance	--	--	(73,800)	(73,800)
Fund Balance at Beginning of Period	1,011,927	1,011,927	1,011,927	--
Fund Balance at End of Period	\$ 1,011,927	\$ 1,011,927	\$ 938,127	\$ (73,800)

Barry County
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios - MERS
Last Four Years

	2018	2017	2016	2015
Total Pension Liability				
Service Cost	\$ 896,719	\$ 871,498	\$ 914,049	\$ 840,881
Interest	4,084,570	3,945,272	3,708,855	3,545,367
Differences Between Expected & Actual Experience	121,436	(1,089,692)	931,469	-
Changes in Assumptions	-	-	2,006,349	-
Benefit Payments, Including Refunds	(2,659,269)	(2,510,367)	(2,456,647)	(2,292,924)
Other Changes	(102,970)	(19,207)	(151,016)	(66,372)
Net Change in Pension Liability	2,340,486	1,197,504	4,953,059	2,026,952
<i>Total Pension Liability - Beginning</i>	<i>51,877,682</i>	<i>50,680,178</i>	<i>45,727,119</i>	<i>43,700,167</i>
Total Pension Liability - Ending (a)	\$ 54,218,168	\$ 51,877,682	\$ 50,680,178	\$ 45,727,119

Plan Fiduciary Net Position

Contributions - Employer	\$ 2,309,633	\$ 2,858,700	\$ 3,676,953	\$ 1,873,216
Contributions - Member	304,826	287,908	293,939	315,846
Net Investment Income (Loss)	(1,608,133)	4,720,969	3,465,203	(462,833)
Benefit Payments, Including Refunds	(2,659,269)	(2,510,367)	(2,456,647)	(2,292,924)
Administrative Expenses	(79,362)	(73,939)	(68,602)	(67,801)
Other	(37,461)	144,628	-	-
Net Change in Plan Fiduciary Net Position	(1,769,766)	5,427,899	4,910,846	(634,496)
<i>Plan Fiduciary Net Position - Beginning</i>	<i>40,480,754</i>	<i>35,052,855</i>	<i>30,142,009</i>	<i>30,776,505</i>
Plan Fiduciary Net Position - Ending (b)	\$ 38,710,988	\$ 40,480,754	\$ 35,052,855	\$ 30,142,009

Net Pension Liability - Ending (a) - (b)

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71.4%	78.0%	69.2%	65.9%
Covered Payroll	\$ 8,440,406	\$ 8,049,626	\$ 8,309,065	\$ 7,492,355
Net Pension Liability as a Percentage of Covered Payroll	183.7%	141.6%	188.1%	208.0%

* Built prospectively upon implementation on GASB 68. Ultimately, 10 years of data will be presented.

Barry County
Required Supplementary Information
Schedule of Contributions - MERS
Last Four Years

	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 1,809,633	\$ 1,637,841	\$ 1,426,953	\$ 1,373,216
Contributions in Relation to the Actuarially Determined Contribution	2,309,633	2,858,700	3,676,953	1,873,216
Contribution Deficiency (Excess)	<u>\$ (500,000)</u>	<u>\$ (1,220,859)</u>	<u>\$ (2,250,000)</u>	<u>\$ (500,000)</u>
Covered Employee Payroll	8,440,406	8,049,626	8,309,065	7,492,355
Contributions as a Percentage of Covered Employee Payroll	35.5%	35.5%	44.3%	25.0%

Notes

Valuation Date

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry-age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	3 to 22 years, based on division
Asset valuation method	5 year smoothed. 10 year smoothing prior to 2016.
Inflation	2.50%
Salary increases	3.75% in the long-term
Investment rate of return	7.75%, net of investment expense, including inflation
Retirement Age	Age-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2014 Group Annuity Mortality Table of a 50% male and 50% female blend with rates multiplied by 105%

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Barry County
Required Supplementary Information
Barry County Retiree Health Care Plan
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Three Years

	2018	2017	2016
Total OPEB Liability			
Service Cost	\$ 46,640	\$ 42,251	\$ 39,488
Interest	71,285	94,130	90,587
Differences Between Expected and Actual Experience	-	(403,885)	-
Changes in Assumptions	-	20,249	-
Benefit Payments, Including Refunds	(83,410)	(74,777)	(84,100)
Net Change in total OPEB Liability	34,515	(322,032)	45,975
<i>Total OPEB Liability - Beginning</i>	<i>1,060,076</i>	<i>1,382,108</i>	<i>1,336,133</i>
Total OPEB Liability - Ending (a)	\$ 1,094,591	\$ 1,060,076	\$ 1,382,108

Plan Fiduciary Net Position			
Contributions to OPEB Trust	\$ 24,776	\$ 44,136	\$ 29,533
Net Investment Income	98,387	89,638	83,637
Difference Between Projected and Actual Earnings	-	81,566	47,836
Benefit Payments, Including Refunds	(83,410)	(74,777)	(84,100)
Administrative Expenses	-	(3,117)	(3,151)
Net Change in Plan Fiduciary Net Position	39,753	137,446	73,755
<i>Plan Fiduciary Net Position - Beginning</i>	<i>1,434,846</i>	<i>1,297,400</i>	<i>1,223,645</i>
Plan Fiduciary Net Position - Ending (b)	\$ 1,474,599	\$ 1,434,846	\$ 1,297,400

Net OPEB Liability (Asset) - Ending (a) - (b)	\$ (380,008)	\$ (374,770)	\$ 84,708
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	134.7%	135.4%	93.9%
Covered Payroll **	\$ 8,547,799	\$ 8,672,124	\$ 8,309,065
Net OPEB Liability as a Percentage of Covered Payroll	-4.4%	-4.3%	1.0%

* Built prospectively upon implementation on GASB 75. Ultimately, 10 years of data will be presented.

** 2016 was estimated using the covered payroll for the County's pension plan.

Barry County
Required Supplementary Information
Barry County Retiree Health Care Plan
Schedule of Contributions
Last Three Years

	2018	2017	2016
Actuarially Determined Contribution	\$ 24,776	\$ 48,731	\$ 45,544
Contributions in Relation to the Actuarially Determined Contribution	24,776	44,136	29,533
Contribution Deficiency (Excess)	\$ -	\$ 4,595	\$ 16,011
Covered Employee Payroll	8,547,799	8,672,124	8,309,065
Contributions as a Percentage of Covered Payroll	0.3%	0.5%	0.4%

Notes

Valuation Date December 31, 2017

Methods and assumptions used to determine contribution rates

Actuarial cost method	Individual Entry Age Normal as a level percentage of payroll
Remaining amortization period	11 years
Asset valuation method	Market value
Inflation	2.50%
Salary increases (merit / longevity increased plus wage inflation increases)	3.75% to 14.75%
Investment rate of return	7.00%
Retirement age	Based on service, 100% retirement at age 70
Health care trend rate	Ranges from 4.50% to 9.00%
Mortality	50% male - 50% female blend of the RP-2014 tables, including a 10% margin for future mortality improvements, relative to the actual mortality see in the 200-2013 Experience Study.

* Built prospectively upon implementation on GASB 75. Ultimately, 10 years of data will be presented.

OTHER SUPPLEMENTARY INFORMATION

Barry County
General Fund Combining Balance Sheet
All Funds Treated as General
December 31, 2018

	General	Building Rehab	Parks and Recreation	Agriculture Preservation	Master Land Use Program	Total General Funds
ASSETS						
Cash and investments	\$ 935,225	\$ 1,861,011	\$ 64,585	\$ 7,988	\$ 60,000	\$ 2,928,809
Accounts receivable	2,240	--	--	--	--	2,240
Taxes receivable	200,876	--	--	--	--	200,876
Due from other governments	702,524	--	--	--	--	702,524
Due from other funds	637,983	--	--	--	--	637,983
Advances to other funds	86,973	--	--	--	--	86,973
Total Assets	2,565,821	1,861,011	64,585	7,988	60,000	4,559,405
LIABILITIES						
Accounts payable	\$ 104,924	\$ 15,310	\$ 356	\$ --	\$ --	\$ 120,590
Accrued liabilities	174,475	--	--	--	--	174,475
Total Liabilities	279,399	15,310	356	--	--	295,065
FUND BALANCE						
Nonspendable	86,973	--	--	--	--	86,973
Committed	--	1,845,701	64,229	7,988	--	1,917,918
Assigned	--	--	--	--	60,000	60,000
Unassigned	2,199,449	--	--	--	--	2,199,449
Total Fund Balance	2,286,422	1,845,701	64,229	7,988	60,000	4,264,340
Total Liabilities and Fund Balance	\$ 2,565,821	\$ 1,861,011	\$ 64,585	\$ 7,988	\$ 60,000	\$ 4,559,405

Barry County
General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
All Funds Treated as General
For the year Ended December 31, 2018

	General	Building Rehab	Parks and Recreation	Agriculture Preservation	Master Land Use Program	Total General Funds
Revenues						
Taxes	\$ 11,627,496	\$ --	\$ --	\$ --	\$ --	\$ 11,627,496
Intergovernmental	2,051,259	--	500	--	--	2,051,759
Licenses and permits	96,110	--	--	--	--	96,110
Charges for services	1,721,947	--	--	--	--	1,721,947
Fines and forfeitures	36,263	--	--	--	--	36,263
Interest and rentals	98,955	8,356	--	--	--	107,311
Other revenues	130,038	--	400	--	--	130,438
Total Revenues	15,762,068	8,356	900	--	--	15,771,324
Expenditures						
General government	6,092,390	29,003	--	--	--	6,121,393
Public safety	5,765,848	--	--	--	--	5,765,848
Public works	39,180	--	--	--	--	39,180
Health and welfare	1,241,222	--	--	--	--	1,241,222
Community and economic development	392,275	--	--	1,798	--	394,073
Recreation and cultural	--	--	46,321	--	--	46,321
Other	591,546	--	--	--	--	591,546
Capital outlay	7,400	53,433	--	--	--	60,833
Total Expenditures	14,129,861	82,436	46,321	1,798	--	14,260,416
Excess of Revenues Over (Under) Expenditures	1,632,207	(74,080)	(45,421)	(1,798)	--	1,510,908
Other Financing Sources (Uses)						
Transfers in	593,075	456,198	49,175	5,903	60,000	593,075
Transfers out	(2,225,282)	(97,906)	--	--	--	(1,751,912)
Net Other Financing Sources (Uses)	(1,632,207)	358,292	49,175	5,903	60,000	(1,158,837)
Net Change in Fund Balance	--	284,212	3,754	4,105	60,000	352,071
<i>Fund Balance at Beginning of Period</i>	<i>2,286,422</i>	<i>1,561,489</i>	<i>60,475</i>	<i>3,883</i>	<i>--</i>	<i>3,912,269</i>
Fund Balance at End of Period	\$ 2,286,422	\$ 1,845,701	\$ 64,229	\$ 7,988	\$ 60,000	\$ 4,264,340

Barry County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue									
	Register of Deeds Automation	Local Corrections Officer Training	Victim Services Unit	Indigent Defense	Concealed Pistol License	Drug Law Enforcement	Special Investigation	Crime Victims' Rights Week		
ASSETS										
Cash and investments	\$ 117,910	\$ 59,874	\$ 7,171	\$ 210,908	\$ 126,555	\$ 2,562	\$ 9,503	\$ 4,831		
Accounts receivable	--	--	--	--	--	--	--	--		
Taxes receivable	--	--	--	--	--	--	--	--		
Loans receivable, net	--	--	--	--	--	--	--	--		
Due from other governments	--	--	--	--	--	--	--	--		
Total Assets	\$ 117,910	\$ 59,874	\$ 7,171	\$ 210,908	\$ 126,555	\$ 2,562	\$ 9,503	\$ 4,831		
LIABILITIES										
Accounts payable	\$ 923	\$ --	\$ 1,042	\$ 88	\$ 76	\$ --	\$ --	\$ --		
Accrued liabilities	--	--	--	751	--	--	--	1,212		
Unearned revenue	--	--	--	210,069	--	--	--	--		
Due to other funds	--	--	--	--	--	--	--	--		
Advances from other funds	--	--	--	--	--	--	--	--		
Total Liabilities	923		1,042	210,908	76			1,212		
DEFERRED INFLOWS OF RESOURCES										
Taxes levied for a subsequent period	--	--	--	--	--	--	--	--		
Total Liabilities and Deferred Inflows of Resources	923		1,042	210,908	76			1,212		
FUND BALANCE										
Nonspendable	--	--	--	--	--	--	--	--		
Restricted	116,987	59,874	6,129	--	126,479	2,562	--	3,619		
Committed	--	--	--	--	--	--	9,503	--		
Unassigned	--	--	--	--	--	--	--	--		
Total Fund Balance	116,987	59,874	6,129		126,479	2,562	9,503	3,619		
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 117,910	\$ 59,874	\$ 7,171	\$ 210,908	\$ 126,555	\$ 2,562	\$ 9,503	\$ 4,831		

Barry County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue									
	Law Library	CDBG Housing	Middleville Police Services	MSHDA Home Program	Swift and Sure Program	56B Sobriety Court	Community Corrections	Adult Drug Court		
ASSETS										
Cash and investments	\$ 5,045	\$ 4,141	\$ --	\$ --	\$ --	\$ 29,431	\$ --	\$ 238,397		
Accounts receivable	--	--	71,744	13,312	--	--	--	--		
Taxes receivable	--	--	--	--	--	--	--	--		
Loans receivable, net	--	1,043,676	--	--	--	--	--	--		
Due from other governments	--	--	--	--	29,657	23,562	17,072	34,151		
Total Assets	\$ 5,045	\$ 1,047,817	\$ 71,744	\$ 13,312	\$ 29,657	\$ 52,993	\$ 17,072	\$ 272,548		
LIABILITIES										
Accounts payable	\$ 2,315	\$ --	\$ --	\$ --	\$ 450	\$ 1,163	\$ 3,016	\$ 1,795		
Accrued liabilities	--	--	5,567	--	1,495	1,946	796	2,047		
Unearned revenue	--	--	--	--	--	--	--	--		
Due to other funds	--	--	66,177	--	1,557	--	3,143	--		
Advances from other funds	--	--	--	--	--	--	--	--		
Total Liabilities	2,315	--	71,744	--	3,502	3,109	6,955	3,842		
DEFERRED INFLOWS OF RESOURCES										
Taxes levied for a subsequent period	--	--	--	--	--	--	--	--		
Total Liabilities and Deferred Inflows of Resources	2,315	--	71,744	--	3,502	3,109	6,955	3,842		
FUND BALANCE										
Nonspendable	--	--	--	--	--	--	--	--		
Restricted	--	1,047,817	--	13,312	--	49,884	--	--		
Committed	2,730	--	--	--	26,155	--	10,117	268,706		
Unassigned	--	--	--	--	--	--	--	--		
Total Fund Balance	2,730	1,047,817	--	13,312	26,155	49,884	10,117	268,706		
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,045	\$ 1,047,817	\$ 71,744	\$ 13,312	\$ 29,657	\$ 52,993	\$ 17,072	\$ 272,548		

Barry County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue						
	Michigan Justice Training	Social Welfare	Child Care Fund	Juvenile Continuum of Care	Diverted Felons	Charlton Park	Friend of the Court
ASSETS							
Cash and investments	\$ 14,543	\$ 96,737	\$ 2,535,778	\$ 2,375	\$ 437,502	\$ 290,273	\$ 530,777
Accounts receivable	--	--	--	--	--	--	--
Taxes receivable	--	--	--	--	--	451,991	--
Loans receivable, net	--	--	--	--	--	--	--
Due from other governments	--	--	103,125	4,606	--	--	291,271
Total Assets	\$ 14,543	\$ 96,737	\$ 2,638,903	\$ 6,981	\$ 437,502	\$ 742,264	\$ 822,048
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ 31,838	\$ 3,000	\$ --	\$ --	\$ 3,400
Accrued liabilities	--	--	5,380	--	--	4,283	17,739
Unearned revenue	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	--
Advances from other funds	--	--	--	--	--	86,973	--
Total Liabilities	--	--	37,218	3,000	--	91,256	21,139
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	--	--	--	--	--	475,422	--
Total Liabilities and Deferred Inflows of Resources	--	--	37,218	3,000	--	566,678	21,139
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	14,543	--	--	3,981	437,502	--	--
Committed	--	96,737	2,601,685	--	--	175,586	800,909
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	14,543	96,737	2,601,685	3,981	437,502	175,586	800,909
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 14,543	\$ 96,737	\$ 2,638,903	\$ 6,981	\$ 437,502	\$ 742,264	\$ 822,048
							\$ 1,360

Barry County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Special Revenue						
	Sheriff K-9 Donation	Animal Shelter T.N.R. Grant 2016	Solid Waste	CSNIP Donation	Animal Shelter Donation	Community Resource Network	Remuneration
ASSETS							
Cash and investments	\$ 2,935	\$ 16,519	\$ 178,707	\$ 1,921	\$ 288,497	\$ 12,335	\$ --
Accounts receivable	--	5,568	17,146	--	--	--	--
Taxes receivable	--	--	--	--	--	--	--
Loans receivable, net	--	--	--	--	--	--	--
Due from other governments	--	--	--	--	--	--	31,445
Total Assets	\$ 2,935	\$ 22,087	\$ 195,853	\$ 1,921	\$ 288,497	\$ 12,335	\$ 31,445
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ 3,435	\$ --	\$ --	\$ --	\$ 7,932
Accrued liabilities	--	--	--	--	--	--	--
Unearned revenue	--	--	--	--	--	--	--
Due to other funds	--	--	--	--	--	--	4,496
Advances from other funds	--	--	--	--	--	--	--
Total Liabilities	--	--	3,435	--	--	--	12,428
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	--	--	--	--	--	--	--
Total Liabilities and Deferred Inflows of Resources	--	--	3,435	--	--	--	12,428
FUND BALANCE							
Nonspendable	--	--	--	--	--	--	--
Restricted	2,935	22,087	--	1,921	288,497	12,335	--
Committed	--	--	192,418	--	--	--	19,017
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	2,935	22,087	192,418	1,921	288,497	12,335	19,017
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,935	\$ 22,087	\$ 195,853	\$ 1,921	\$ 288,497	\$ 12,335	\$ 31,445

Barry County
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Debt Service		Capital Projects			Permanent	Total Nonmajor Governmental Funds
	Friend of the Court Renovation	Thornapple Manor 2012 Bonds	McKeown Bridge Construction	Capital Replacement	Cemetery Perpetual Care		
ASSETS							
Cash and investments	\$ 25,001	\$ 2,973	\$ 8,721	\$ 562,172	\$ 31,283	\$	\$ 5,856,737
Accounts receivable	--	--	--	--	--	--	107,770
Taxes receivable	--	--	--	--	--	--	451,991
Loans receivable, net	--	--	--	--	--	--	1,043,676
Due from other governments	--	--	--	35,500	--	--	570,389
Total Assets	\$ 25,001	\$ 2,973	\$ 8,721	\$ 597,672	\$ 31,283	\$	\$ 8,030,563
LIABILITIES							
Accounts payable	\$ --	\$ --	\$ --	--	--	\$	\$ 60,473
Accrued liabilities	--	--	--	--	--	--	41,216
Unearned revenue	--	--	--	--	--	--	210,069
Due to other funds	--	--	--	--	--	--	75,373
Advances from other funds	--	--	--	--	--	--	86,973
Total Liabilities	--	--	--	--	--	--	474,104
DEFERRED INFLOWS OF RESOURCES							
Taxes levied for a subsequent period	--	--	--	--	--	--	475,422
Total Liabilities and Deferred Inflows of Resources	--	--	--	--	--	--	949,526
FUND BALANCE							
Nonspendable	--	--	--	--	30,925	30,925	30,925
Restricted	--	--	8,721	--	358	358	2,220,903
Committed	25,001	2,973	--	597,672	--	--	4,829,209
Unassigned	--	--	--	--	--	--	--
Total Fund Balance	25,001	2,973	8,721	597,672	31,283	--	7,081,037
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 25,001	\$ 2,973	\$ 8,721	\$ 597,672	\$ 31,283	\$	\$ 8,030,563

Barry County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue									
	Register of Deeds Automation	Local Corrections Officer Training	Victim Services Unit	Indigent Defense	Concealed Pistol License	Drug Law Enforcement	Special Investigation	Crime Victims' Rights Week		
Revenues										
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --		--
Intergovernmental	--	--	1,400	3,618	--	--	--	--		46,150
Licenses and permits	--	--	--	--	39,592	--	--	--		--
Charges for services	62,360	10,765	--	--	--	--	--	--		--
Fines and forfeitures	--	--	--	--	--	602	669	--		--
Interest and rentals	90	--	12	--	--	--	9	--		--
Other revenues	--	--	872	--	--	--	--	--		--
Total Revenues	62,450	10,765	2,284	3,618	39,592	602	678		46,150	
Expenditures										
General government	53,201	--	--	3,618	--	--	--	--		62,213
Public safety	--	12,371	3,087	--	692	--	--	--		--
Public works	--	--	--	--	--	--	--	--		--
Health and welfare	--	--	--	--	--	--	--	--		--
Recreation and cultural	--	--	--	--	--	--	--	--		--
Debt service, principal	--	--	--	--	--	--	--	--		--
Debt service, interest	--	--	--	--	--	--	--	--		--
Capital outlay	--	--	--	--	--	--	--	--		--
Total Expenditures	53,201	12,371	3,087	3,618	692				62,213	
Excess of Revenues Over										
(Under) Expenditures	9,249	(1,606)	(803)		38,900	602	678		(16,063)	
Other Financing Sources (Uses)										
Sale of capital assets	--	--	--	--	--	--	--	--		--
Transfers in	--	--	--	--	--	--	--	--		--
Transfers out	--	--	--	--	--	--	--	--		--
Net Other Financing Sources (Uses)										
Net Change in Fund Balance	9,249	(1,606)	(803)		38,900	602	678		(16,063)	
Fund Balance at Beginning of Period	107,738	61,480	6,932		87,579	1,960	8,825		19,682	
Fund Balance at End of Period	\$ 116,987	\$ 59,874	\$ 6,129	\$ --	\$ 126,479	\$ 2,562	\$ 9,503	\$	\$ 3,619	\$

Barry County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue							
	Law Library	CDBG Housing	Middleville Police Services	MSHDA Home Program	Swift and Sure Program	56B Sobriety Court	Community Corrections	Adult Drug Court
Revenues								
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	6,500	--	277,435	--	115,231	112,797	98,356	130,735
Licenses and permits	--	--	--	--	--	--	--	--
Charges for services	--	--	--	--	5,295	9,470	--	10,031
Fines and forfeitures	--	--	--	--	--	--	--	--
Interest and rentals	--	2	--	--	--	--	--	--
Other revenues	--	--	--	--	--	--	--	--
Total Revenues	6,500	2	277,435	--	120,526	122,267	98,356	140,766
Expenditures								
General government	22,739	--	--	--	143,882	127,855	98,473	167,276
Public safety	--	--	277,435	--	--	--	--	--
Public works	--	--	--	--	--	--	--	--
Health and welfare	--	5,022	--	--	--	--	--	--
Recreation and cultural	--	--	--	--	--	--	--	--
Debt service, principal	--	--	--	--	--	--	--	--
Debt service, interest	--	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--	--
Total Expenditures	22,739	5,022	277,435	--	143,882	127,855	98,473	167,276
Excess of Revenues Over (Under) Expenditures	(16,239)	(5,020)	--	--	(23,356)	(5,588)	(117)	(26,510)
Other Financing Sources (Uses)								
Sale of capital assets	--	--	--	--	--	--	--	--
Transfers in	11,500	--	--	--	31,420	27,690	--	26,510
Transfers out	--	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	11,500	--	--	--	31,420	27,690	--	26,510
Net Change in Fund Balance	(4,739)	(5,020)	--	--	8,064	22,102	(117)	--
Fund Balance at Beginning of Period	7,469	1,052,837	--	13,312	18,091	27,782	10,234	268,706
Fund Balance at End of Period	\$ 2,730	\$ 1,047,817	\$ --	\$ 13,312	\$ 26,155	\$ 49,884	\$ 10,117	\$ 268,706

Barry County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						
	Michigan Justice Training	Social Welfare	Child Care Fund	Juvenile Continuum of Care	Diverted Felons	Charlton Park	Friend of the Court
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 456,952	\$ --
Intergovernmental	5,110	--	721,582	6,982	123,109	37,263	971,420
Licenses and permits	--	--	--	--	--	--	--
Charges for services	--	--	--	--	--	70,660	22,190
Fines and forfeitures	--	--	--	--	--	--	--
Interest and rentals	--	373	--	--	--	15,976	--
Other revenues	--	--	--	--	--	19,721	--
Total Revenues	5,110	373	721,582	6,982	123,109	600,572	993,610
Expenditures							
General government	--	5,483	--	3,001	--	--	1,095,924
Public safety	4,440	--	--	--	--	--	--
Public works	--	--	--	--	--	--	--
Health and welfare	--	--	1,048,274	--	--	--	--
Recreation and cultural	--	--	--	--	--	489,413	--
Debt service, principal	--	--	--	--	--	--	--
Debt service, interest	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	41,340	134,086	--
Total Expenditures	4,440	5,483	1,048,274	3,001	41,340	623,499	1,095,924
Excess of Revenues Over (Under) Expenditures	670	(5,110)	(326,692)	3,981	81,769	(22,927)	(102,314)
Other Financing Sources (Uses)							
Sale of capital assets	--	--	--	--	--	18,352	--
Transfers in	--	7,840	326,692	--	--	97,906	102,314
Transfers out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)							
Net Change in Fund Balance	670	2,730	--	3,981	81,769	93,331	--
Fund Balance at Beginning of Period	13,873	94,007	2,601,685	--	355,733	82,255	800,909
Fund Balance at End of Period	\$ 14,543	\$ 96,737	\$ 2,601,685	\$ 3,981	\$ 437,502	\$ 175,586	\$ 800,909
							\$ 1,360

Barry County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Special Revenue						
	Sheriff K-9 Donation	Animal Shelter T.N.R. Grant 2016	Solid Waste	C SNIP Donation	Animal Shelter Donation	Community Resource Network	Remuneration
Revenues							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	24,193	--	--	--	2,600	54,441
Licenses and permits	--	--	--	--	--	--	--
Charges for services	--	--	71,458	--	--	--	--
Fines and forfeitures	--	--	--	--	--	--	--
Interest and rentals	--	--	--	--	188	15	--
Other revenues	5	--	75	--	59,270	--	--
Total Revenues	5	24,193	71,533	--	59,458	2,615	54,441
Expenditures							
General government	--	--	--	--	--	--	76,487
Public safety	--	--	--	--	--	--	--
Public works	--	--	94,825	--	--	--	--
Health and welfare	--	19,514	--	--	22,824	2,537	--
Recreation and cultural	--	--	--	--	--	--	--
Debt service, principal	--	--	--	--	--	--	--
Debt service, interest	--	--	--	--	--	--	--
Capital outlay	--	--	--	--	--	--	--
Total Expenditures	--	19,514	94,825	--	22,824	2,537	76,487
Excess of Revenues Over (Under) Expenditures	5	4,679	(23,292)	--	36,634	78	(22,046)
Other Financing Sources (Uses)							
Sale of capital assets	--	--	--	--	--	--	--
Transfers in	--	--	1,100	--	--	--	21,467
Transfers out	--	--	--	--	--	--	--
Net Other Financing Sources (Uses)	--	--	1,100	--	--	--	--
Net Change in Fund Balance	5	4,679	(22,192)	--	36,634	78	(579)
<i>Fund Balance at Beginning of Period</i>	2,930	17,408	214,610	1,921	251,863	12,257	19,596
Fund Balance at End of Period	2,935	\$ 22,087	\$ 192,418	\$ 1,921	\$ 288,497	\$ 12,335	\$ 19,017

Barry County
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year Ended December 31, 2018

	Debt Service		Capital Projects		Permanent	Total Nonmajor Governmental Funds
	Friend of the Court Renovation	Thornapple Manor 2012 Bonds	McKeown Bridge Construction	Capital Replacement	Cemetery Perpetual Care	
Revenues						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 456,952
Intergovernmental	--	--	--	--	--	2,738,922
Licenses and permits	--	--	--	--	--	39,592
Charges for services	--	--	--	--	--	262,229
Fines and forfeitures	--	--	--	--	--	1,271
Interest and rentals	--	--	--	--	309	16,974
Other revenues	--	--	--	--	--	79,943
Total Revenues					309	3,595,883
Expenditures						
General government	--	249	--	17,438	806	1,780,172
Public safety	--	--	--	--	--	396,498
Public works	750	--	--	8,126	--	103,701
Health and welfare	--	--	--	--	--	1,098,171
Recreation and cultural	--	--	--	--	--	489,413
Debt service, principal	75,000	--	--	--	--	75,000
Debt service, interest	15,187	--	--	--	--	15,187
Capital outlay	--	--	--	--	--	175,426
Total Expenditures	90,937	249	--	25,564	806	4,133,568
Excess of Revenues Over (Under) Expenditures	(90,937)	(249)	--	(25,564)	(497)	(537,685)
Other Financing Sources (Uses)						
Sale of capital assets	--	--	--	--	--	18,352
Transfers in	93,075	--	--	--	--	747,514
Transfers out	--	--	--	--	--	--
Net Other Financing Sources (Uses)	93,075	--	--	--	--	765,866
Net Change in Fund Balance	2,138	(249)	--	(25,564)	(497)	228,181
Fund Balance at Beginning of Period	22,863	3,222	8,721	623,236	31,780	6,852,856
Fund Balance at End of Period	25,001	2,973	8,721	597,672	31,283	7,081,037

Barry County
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018

	Enterprise					
	2016 Delinquent Tax Revolving	2018 Delinquent Tax Revolving	Foreclosure Fund	Jail Commissary	Barry County Transit (9/30/18)	Total Enterprise Funds
ASSETS						
Current Assets						
Cash and investments	\$ 177,490	\$ 13,529	\$ 1,553,223	\$ 214,963	\$ 3,039,653	\$ 4,998,858
Accounts receivable	--	--	78	--	17,875	17,953
Taxes receivable	421,804	552,749	--	--	--	974,553
Due from other governments	--	--	--	--	290,173	290,173
Total Current Assets	599,294	566,278	1,553,301	214,963	3,347,701	6,281,537
Noncurrent Assets						
Capital assets not being depreciated	--	--	--	--	4,345	4,345
Capital assets being depreciated, net	--	--	--	--	528,549	528,549
Net OPEB asset	--	--	--	--	56,544	56,544
Total Assets	599,294	566,278	1,553,301	214,963	3,937,139	6,870,975
DEFERRED OUTFLOWS OF RESOURCES						
Pension related deferred outflows	--	--	--	--	81,473	81,473
OPEB related deferred outflows	--	--	--	--	989	989
Total Deferred Outflows of Resources	--	--	--	--	82,462	82,462
LIABILITIES						
Current Liabilities						
Accounts payable	5,382	--	--	3,095	21,639	30,116
Accrued liabilities	--	12,751	--	--	38,152	50,903
Due to other funds	--	552,749	--	--	--	552,749
Total Current Liabilities	5,382	565,500	--	3,095	59,791	633,768
Noncurrent Liabilities						
Net pension liability	--	--	--	--	728,394	728,394
Total Liabilities	5,382	565,500	--	3,095	788,185	1,362,162
DEFERRED INFLOWS OF RESOURCES						
Pension related deferred inflows	--	--	--	--	122,269	122,269
OPEB related deferred outflows	--	--	--	--	48,755	48,755
Total Deferred Inflows of Resources	--	--	--	--	171,024	171,024
NET POSITION						
Investment in capital assets	--	--	--	--	532,894	532,894
Restricted for:						
Property tax foreclosures	--	--	314,018	--	--	314,018
Unrestricted	593,912	778	1,239,283	211,868	2,527,498	4,573,339
Total Net Position	\$ 593,912	\$ 778	\$ 1,553,301	\$ 211,868	\$ 3,060,392	\$ 5,420,251

Barry County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the year Ended December 31, 2018

	Enterprise					
	2016 Delinquent Tax Revolving	2018 Delinquent Tax Revolving	2015 Delinquent Tax Revolving	Foreclosure Fund	Jail Commissary	Barry County Transit (9/30/18)
Operating Revenues						Total Enterprise Funds
Charges for services	\$ 46,080	\$ 510	\$ --	\$ 341,541	\$ 151,258	\$ 805,383
Interest and penalties on delinquent taxes	153,178	268	3	--	--	153,449
Total Operating Revenues	199,258	778	3	341,541	151,258	958,832
Operating Expenses						
Operations	23,906	--	3,128	--	108,553	2,014,809
Depreciation	--	--	--	--	--	172,464
Total Operating Expenses	23,906	--	3,128	--	108,553	2,187,273
Operating Income (Loss)	175,352	778	(3,125)	341,541	42,705	(1,228,441)
Non-Operating Revenues (Expenses)						
Taxes	--	--	--	--	--	505,236
Intergovernmental revenues	--	--	--	--	--	1,111,202
Interest revenue	--	--	--	4,748	--	6,259
Net Non-Operating Revenues (Expenses)	--	--	--	4,748	--	1,627,445
Transfers	175,352	778	(3,125)	346,289	42,705	399,004
Transfers in	3,680	--	3,129	--	--	6,809
Transfers out	--	--	(603,803)	(19,636)	--	(623,439)
Change In Net Position	179,032	778	(603,799)	326,653	42,705	(217,626)
<i>Net Position at Beginning of Period</i>	<i>414,880</i>	<i>--</i>	<i>603,799</i>	<i>1,226,648</i>	<i>169,163</i>	<i>5,637,877</i>
Net Position at End of Period	\$ 593,912	\$ 778	\$ --	\$ 1,553,301	\$ 211,868	\$ 5,420,251

Barry County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

	Enterprise						
	2016 Delinquent Tax Revolving	2018 Delinquent Tax Revolving	2015 Delinquent Tax Revolving	Foreclosure Fund	Jail Commissary	Barry County Transit (9/30/18)	Total Enterprise Funds
Cash Flows from Operating Activities							
Cash received from customers and users	\$ 1,898,556	\$ (551,971)	\$ 421,666	\$ 341,463	\$ 151,258	\$ 269,224	\$ 2,530,196
Cash payments to suppliers for goods and services	(18,524)	12,751	(3,128)	-	(119,946)	(488,654)	(617,501)
Cash payments to employees for services	-	-	-	-	-	(1,157,772)	(1,157,772)
Net Cash Provided (Used) by Operating Activities	1,880,032	(539,220)	418,538	341,463	31,312	(1,377,202)	754,923
Cash Flows from Noncapital Financing Activities							
Transfers in	3,680	-	3,129	-	-	-	6,809
Transfers out	-	-	(603,803)	(19,636)	-	-	(623,439)
Interfund loans	(1,819,493)	552,749	-	-	-	-	(1,266,744)
Taxes	-	-	-	-	-	505,236	505,236
Intergovernmental operating revenues	-	-	-	-	-	990,742	990,742
Net Cash Provided (Used) by Noncapital Financing Activities	(1,815,813)	552,749	(600,674)	(19,636)	-	1,495,978	(387,396)
Cash flows from Capital and Related Financing Activities							
Purchase of capital assets	-	-	-	-	-	(59,200)	(59,200)
Net Cash Used by Capital and Related Financing Activities	-	-	-	-	-	(59,200)	(59,200)
Cash flows from Capital and Related Financing Activities							
Interest received	-	-	-	4,748	-	6,259	11,007
Net Cash Provided by Capital and Related Financing Activities	-	-	-	4,748	-	6,259	11,007
Net Increase (Decrease) in Cash and Equivalents	64,219	13,529	(182,136)	326,575	31,312	65,835	319,334
<i>Cash and Equivalents - Beginning of Year</i>	<i>113,271</i>	<i>-</i>	<i>182,136</i>	<i>1,226,648</i>	<i>183,651</i>	<i>2,973,818</i>	<i>4,679,524</i>
Cash and Equivalents - End of Year	\$ 177,490	\$ 13,529	\$ -	\$ 1,553,223	\$ 214,963	\$ 3,039,653	\$ 4,998,858

Barry County
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018

Enterprise						
2016 Delinquent Tax Revolving	2018 Delinquent Tax Revolving	2015 Delinquent Tax Revolving	Foreclosure Fund	Jail Commissary	Barry County Transit (9/30/18)	Total Enterprise Funds
\$ 175,352	\$ 778	\$ (3,125)	\$ 341,541	\$ 42,705	\$ (1,785,692)	\$ (1,228,441)
-	-	-	-	-	172,464	172,464
-	-	-	(78)	-	3,230	3,152
1,706,126	(552,749)	422,584	-	-	-	1,575,961
-	-	-	-	-	(8,177)	(8,177)
5,382	-	-	-	(11,393)	16,346	10,335
-	12,751	-	-	-	(2,435)	10,316
(6,828)	-	(921)	-	-	-	(7,749)
-	-	-	-	-	227,062	227,062
\$ 1,880,032	\$ (539,220)	\$ 418,538	\$ 341,463	\$ 31,312	\$ (1,377,202)	\$ 754,923

Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities
Operating Income (Loss)
Adjustments to Reconcile Operating Income to Net Cash
Total Cash Flows from (used by) Operating Activities
Depreciation expense
Changes in Assets and Liabilities
Accounts receivable
Taxes receivable
Net OPEB asset and related deferred amounts
Accounts payable
Accrued liabilities
Due to other governments
Net pension liability and related deferred amounts
Net Cash Provided (Used) by Operating Activities

Barry County
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	Internal Service				
	Data Processing	Telephone	Vehicle Fund	Workers Compensation Fund	Health Insurance
ASSETS					Disability Fund
<i>Current Assets</i>					
Cash and investments	\$ 1,405,460	\$ 48,067	\$ 1,177,727	\$ 76,455	\$ 349,846
Total Current Assets	<u>1,405,460</u>	<u>48,067</u>	<u>1,177,727</u>	<u>76,455</u>	<u>242,532</u>
<i>Noncurrent Assets</i>					
Capital assets being depreciated, net	287,190	--	429,326	--	--
Total Assets	<u>1,692,650</u>	<u>48,067</u>	<u>1,607,053</u>	<u>76,455</u>	<u>242,532</u>
LIABILITIES					
<i>Current Liabilities</i>					
Accounts payable	200	--	--	--	--
Accrued liabilities	--	--	--	--	2,029
Total Liabilities	<u>200</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,029</u>
NET POSITION					
Investment in capital assets	287,190	--	429,326	--	--
<i>Unrestricted</i>	1,405,260	48,067	1,177,727	76,455	240,503
Total Net Position	<u>\$ 1,692,450</u>	<u>\$ 48,067</u>	<u>\$ 1,607,053</u>	<u>\$ 76,455</u>	<u>\$ 240,503</u>

Barry County
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	Internal Service					Total Internal Service Funds
	Fringe Benefit Fund	Life Insurance	Retirement	Dental and Optical	Unemployment	
ASSETS						
<i>Current Assets</i>						
Cash and investments	\$ 1,468,217	\$ 2,029	\$ 210,660	\$ 102,092	\$ 260,721	\$ 5,343,806
Total Current Assets	<u>1,468,217</u>	<u>2,029</u>	<u>210,660</u>	<u>102,092</u>	<u>260,721</u>	<u>5,343,806</u>
<i>Noncurrent Assets</i>						
Capital assets being depreciated, net	--	--	--	--	--	716,516
Total Assets	<u>1,468,217</u>	<u>2,029</u>	<u>210,660</u>	<u>102,092</u>	<u>260,721</u>	<u>6,060,322</u>
LIABILITIES						
<i>Current Liabilities</i>						
Accounts payable	--	--	138,965	--	2,989	142,154
Accrued liabilities	--	--	--	--	--	2,029
Total Liabilities	<u>--</u>	<u>--</u>	<u>138,965</u>	<u>--</u>	<u>2,989</u>	<u>144,183</u>
NET POSITION						
Investment in capital assets	--	--	--	--	--	716,516
<i>Unrestricted</i>	1,468,217	2,029	71,695	102,092	257,732	5,199,623
Total Net Position	<u>\$ 1,468,217</u>	<u>\$ 2,029</u>	<u>\$ 71,695</u>	<u>\$ 102,092</u>	<u>\$ 257,732</u>	<u>\$ 5,916,139</u>

Barry County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year Ended December 31, 2018

	Internal Service				
		Telephone	Vehicle Fund	Compensation Fund	Workers
	Data Processing				
Operating Revenues					
Charges for services	\$ --	\$ 33,249	\$ --	\$ 186,344	\$ 2,085,387
Other revenues	--	--	2,775	8,318	--
Total Operating Revenues	--	33,249	2,775	194,662	2,085,387
Operating Expenses					
Operations	123,439	38,545	58,009	166,665	2,112,967
Depreciation	68,015	--	156,108	--	--
Total Operating Expenses	191,454	38,545	214,117	166,665	2,112,967
Operating Income (Loss)	(191,454)	(5,296)	(211,342)	27,997	(27,580)
Non-Operating Revenues (Expenses)					
Interest revenue	--	--	--	--	--
Net Non-Operating Revenues (Expenses)	--	--	--	--	--
Transfers in					
	(191,454)	(5,296)	(211,342)	27,997	(27,580)
	228,099	--	228,099	--	45,000
Change In Net Position	36,645	(5,296)	16,757	27,997	17,420
<i>Net Position at Beginning of Period</i>	1,655,805	53,363	1,590,296	48,458	332,426
Net Position at End of Period	\$ 1,692,450	\$ 48,067	\$ 1,607,053	\$ 76,455	\$ 349,846
					\$ 240,503

Barry County
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the year Ended December 31, 2018

	Internal Service					Total Internal Service Funds
	Fringe Benefit Fund	Life Insurance	Retirement	Dental and Optical	Unemployment	
Operating Revenues						
Charges for services	\$ 162,982	\$ 60,430	\$ 1,857,999	\$ 55,306	\$ 41,237	\$ 4,568,381
Other revenues	--	--	--	--	--	11,093
Total Operating Revenues	162,982	60,430	1,857,999	55,306	41,237	4,579,474
Operating Expenses						
Operations	43,627	67,110	2,422,434	56,049	6,865	5,167,761
Depreciation	--	--	--	--	--	224,123
Total Operating Expenses	43,627	67,110	2,422,434	56,049	6,865	5,391,884
Operating Income (Loss)	119,355	(6,680)	(564,435)	(743)	34,372	(812,410)
Non-Operating Revenues (Expenses)						
Interest revenue	7,359	--	--	--	--	7,359
Net Non-Operating Revenues (Expenses)	7,359	--	--	--	--	7,359
Transfers in	126,714	(6,680)	(564,435)	(743)	34,372	(805,051)
	--	3,200	500,000	--	--	1,004,398
Change In Net Position	126,714	(3,480)	(64,435)	(743)	34,372	199,347
Net Position at Beginning of Period	1,341,503	5,509	136,130	102,835	223,360	5,716,792
Net Position at End of Period	\$ 1,468,217	\$ 2,029	\$ 71,695	\$ 102,092	\$ 257,732	\$ 5,916,139

Barry County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Internal Service Funds					
	Data Processing	Telephone	Vehicle Fund	Workers Compensation Fund	Health Insurance	Disability Fund
Cash Flows from Operating Activities						
Cash received for interfund activity	\$ -	\$ 33,249	\$ 2,775	\$ 194,662	\$ 2,085,387	\$ 85,447
Cash payments to suppliers for goods and services	(123,439)	(38,545)	(58,009)	-	-	-
Cash payments to employees for services and fringe benefits	-	-	-	(166,665)	(2,112,967)	(71,963)
Net Cash Provided (Used) by Operating Activities	<u>(123,439)</u>	<u>(5,296)</u>	<u>(55,234)</u>	<u>27,997</u>	<u>(27,580)</u>	<u>13,484</u>
Cash Flows from Non-capital and Related Financing Activities						
Transfers in	228,099	-	228,099	-	45,000	-
Net Cash Provided by Non-capital and Related Financing Activities	<u>228,099</u>	<u>-</u>	<u>228,099</u>	<u>-</u>	<u>45,000</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities						
Purchase of capital assets	(42,711)	-	(153,183)	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(42,711)</u>	<u>-</u>	<u>(153,183)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities						
Interest income	-	-	-	-	-	-
Total Cash Flows from Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	61,949	(5,296)	19,682	27,997	17,420	13,484
<i>Cash and Equivalents - Beginning of Year</i>	1,343,511	53,363	1,158,045	48,458	332,426	229,048
Cash and Equivalents - End of Year	<u>\$ 1,405,460</u>	<u>\$ 48,067</u>	<u>\$ 1,177,727</u>	<u>\$ 76,455</u>	<u>\$ 349,846</u>	<u>\$ 242,532</u>

Barry County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Internal Service Funds					
	Fringe Benefit Fund	Life Insurance	Retirement	Dental and Optical	Unemployment	Total Internal Service Funds
Cash Flows from Operating Activities						
Cash received for interfund activity	\$ 162,982	\$ 60,430	\$ 1,857,999	\$ 55,306	\$ 41,237	\$ 4,579,474
Cash payments to suppliers for goods and services	-	-	-	-	-	(219,993)
Cash payments to employees for services and fringe benefits	(43,627)	(67,110)	(2,427,264)	(56,049)	(12,834)	(4,958,479)
Net Cash Provided (Used) by Operating Activities	<u>119,355</u>	<u>(6,680)</u>	<u>(569,265)</u>	<u>(743)</u>	<u>28,403</u>	<u>(598,998)</u>
Cash Flows from Non-capital and Related Financing Activities						
Transfers in	-	3,200	500,000	-	-	1,004,398
Net Cash Provided by Non-capital and Related Financing Activities	<u>-</u>	<u>3,200</u>	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>1,004,398</u>
Cash Flows from Capital and Related Financing Activities						
Purchase of capital assets	-	-	-	-	-	(195,894)
Net Cash Used by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(195,894)</u>
Cash Flows from Investing Activities						
Interest income	7,359	-	-	-	-	7,359
Total Cash Flows from Investing Activities	<u>7,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,359</u>
Net Increase (Decrease) in Cash and Equivalents	126,714	(3,480)	(69,265)	(743)	28,403	216,865
<i>Cash and Equivalents - Beginning of Year</i>	1,341,503	5,509	279,925	102,835	232,318	5,126,941
Cash and Equivalents - End of Year	<u>\$ 1,468,217</u>	<u>\$ 2,029</u>	<u>\$ 210,660</u>	<u>\$ 102,092</u>	<u>\$ 260,721</u>	<u>\$ 5,343,806</u>

Barry County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Internal Service Funds				
	Data Processing	Telephone	Vehicle Fund	Workers Compensation Fund	Health Insurance Disability Fund
\$ (191,454)	\$ (5,296)	\$ (211,342)	\$ 27,997	\$ (27,580)	\$ 13,396
68,015	-	156,108	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	88
<u>\$ (123,439)</u>	<u>\$ (5,296)</u>	<u>\$ (55,234)</u>	<u>\$ 27,997</u>	<u>\$ (27,580)</u>	<u>\$ 13,484</u>

Reconciliation of Operating Income (Loss) to
Net Cash Provided (Used) by Operating Activities
Operating Income (Loss)
Adjustments to Reconcile Operating Income (Loss) to Net
Cash Provided (Used) by Operating Activities
 Depreciation expense
Changes in Assets and Liabilities
 Accounts receivable
 Accounts payable
 Accrued liabilities
Net Cash Provided by Operating Activities

Barry County
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	Internal Service Funds					Total Internal Service Funds
Fringe Benefit Fund	Life Insurance	Retirement	Dental and Optical	Unemployment		
\$ 119,355	\$ (6,680)	\$ (564,435)	\$ (743)	\$ 34,372	\$	(812,410)
-	-	-	-	-		224,123
-	-	-	-	-		-
-	-	(4,830)	-	(5,969)		(10,799)
-	-	-	-	-		88
\$ 119,355	\$ (6,680)	\$ (569,265)	\$ (743)	\$ 28,403	\$	(598,998)

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
Operating Income (Loss)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities
 Depreciation expense
Changes in Assets and Liabilities
 Accounts receivable
 Accounts payable
 Accrued liabilities
Net Cash Provided by Operating Activities

Barry County Drain Commission
Statement of Net Position
December 31, 2018

ASSETS

Current Assets

Cash and investments	\$ 429,361
Accounts receivable	2,550,325
Due from other governments	4,500
Total Current Assets	2,984,186

Noncurrent Assets

Capital assets not being depreciated	526,951
Capital assets being depreciated, net	4,262,747
Total Assets	7,773,884

LIABILITIES

Current Liabilities

Accounts payable	145,960
Current portion of long-term debt	400,066
Accrued interest	22,073
Due to other governments	535,500
Total Current Liabilities	1,103,599

Noncurrent Liabilities

Bonds and notes payable	1,476,486
Total Liabilities	2,580,085

NET POSITION

Net investment in capital assets	3,599,488
<i>Unrestricted</i>	1,594,311
Total Net Position	\$ 5,193,799

Barry County Drain Commission
Statement of Activities
For the year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public works	\$ 497,899	\$ 19,662	\$ 410,499	\$ 772,868	\$ 705,130
Interest on long-term debt	52,622	--	--	--	(52,622)
Total	\$ 550,521	\$ 19,662	\$ 410,499	\$ 772,868	\$ 652,508
General Purpose Revenues:					
		Interest revenue		1,023	
		Total General Revenues		1,023	
		Change in Net Position		653,531	
		<i>Net Position at Beginning of Period</i>		4,540,268	
		Net Position at End of Period		\$ 5,193,799	

Barry County Drain Commission
Balance Sheet
Governmental Funds
December 31, 2018

	Debt Service		Capital Projects			Total Governmental Funds
	General	Algonquin Lake Dam Project	Algonquin Lake Drain Maintenance	Revolving Drain Maintenance	Gun Lake Weed Assessment	
ASSETS						
Cash and investments	\$ 349,076	\$ 17,289	\$ 11,180	\$ 12,953	\$ 38,863	\$ 429,361
Accounts receivable	1,900,229	98,109	--	--	551,987	2,550,325
Due from other governments	4,500	--	--	--	--	4,500
Total Assets	2,253,805	115,398	11,180	12,953	590,850	2,984,186
LIABILITIES						
Accounts payable	\$ 145,960	\$ --	\$ --	\$ --	\$ --	\$ 145,960
Due to other governments	500,000	--	--	35,500	--	535,500
Total Liabilities	645,960	--	--	35,500	--	681,460
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	1,449,922	71,198	--	--	379,996	1,901,116
Total Liabilities and Deferred Inflows of Resources	2,095,882	71,198	--	35,500	379,996	2,582,576
FUND BALANCE						
Unassigned	157,923	44,200	11,180	(22,547)	210,854	401,610
Total Fund Balance	157,923	44,200	11,180	(22,547)	210,854	401,610
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 2,253,805	\$ 115,398	\$ 11,180	\$ 12,953	\$ 590,850	\$ 2,984,186

Barry County Drain Commission
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds	\$ 401,610
In the statement of activities, interest is accrued on outstanding bonds and notes payable, whereas in governmental funds, the interest expenditure is reported when due.	(22,073)
Capital assets used in governmental activities of \$6,309,303, net of accumulated depreciation of \$1,519,605, are not financial resources and therefore are not reported as assets in the governmental funds.	4,789,698
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of bonds and notes payable of \$1,876,552.	(1,876,552)
Long-term receivables are not available to pay for current period expenditures and are therefore reported as deferred inflows of resources in the funds.	1,901,116
Total Net Position - Governmental Funds	\$ <u>5,193,799</u>

Barry County Drain Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Debt Service		Capital Projects			Total Governmental Funds
	General	Algonquin Lake Dam Project	Algonquin Lake Drain Maintenance	Revolving Drain Maintenance	Gun Lake Weed Assessment	
Revenues						
Special assessments	\$ 738,577	\$ 31,868	\$ --	\$ --	\$ 189,504	\$ 959,949
Other revenues	5,500	--	--	40,724	13,600	59,824
Interest revenue	969	--	4	24	26	1,023
Total Revenues	745,046	31,868	4	40,748	203,130	1,020,796
Expenditures						
Public works	288,677	--	2,618	15,313	84,561	391,169
Debt service, principal	418,225	26,814	--	--	--	445,039
Debt service, interest	48,194	3,030	--	--	--	51,224
Capital outlay	729,407	--	--	29,559	--	758,966
Total Expenditures	1,484,503	29,844	2,618	44,872	84,561	1,646,398
Excess of Revenues Over (Under) Expenditures	(739,457)	2,024	(2,614)	(4,124)	118,569	(625,602)
Other Financing Sources (Uses)						
Note issuance	241,249	--	--	--	--	241,249
Transfers in	--	--	--	4,246	--	4,246
Transfers out	(4,246)	--	--	--	--	(4,246)
Net Other Financing Sources (Uses)	237,003	--	--	4,246	--	241,249
Net Change in Fund Balance	(502,454)	2,024	(2,614)	122	118,569	(384,353)
<i>Fund Balance at Beginning of Period</i>	660,377	42,176	13,794	(22,669)	92,285	785,963
Fund Balance at End of Period	\$ 157,923	\$ 44,200	\$ 11,180	\$ (22,547)	\$ 210,854	\$ 401,610

Barry County Drain Commission
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the year Ended December 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$	(384,353)
--	----	-----------

Governmental fund report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$758,966 are in excess of depreciation expense of \$106,730 and the gain on sale of assets of \$5,871.		646,365
---	--	---------

Changes to accrued interest are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.		(1,398)
--	--	---------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		189,127
--	--	---------

Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of principal retirement of \$445,039, net of a note proceed of \$241,249.		203,790
---	--	---------

Changes in Net Position - Governmental Funds	\$	<u>653,531</u>
---	-----------	-----------------------

Barry County Board of Public Works
Statement of Net Position
December 31, 2018

ASSETS

Current Assets

Cash and investments	\$ 19,282
Accounts receivable	3,562,318
Total Assets	3,581,600

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges on refunding	18,761
Total Deferred Outflows of Resources	18,761

LIABILITIES

Current Liabilities

Current portion of bonds payable	365,000
Accrued interest	25,708
Total Current Liabilities	390,708

Noncurrent Liabilities

Bonds payable	3,185,346
Total Liabilities	3,576,054

NET POSITION

Restricted for:

Debt service	24,307
Total Net Position	\$ 24,307

Barry County Board of Public Works
Statement of Activities
For the year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public works	\$ 1,803	\$ --	\$ 97,799	\$ --	\$ 95,996
Interest on long-term debt	98,609	--	--	--	(98,609)
Total	\$ 100,412	\$ --	\$ 97,799	\$ --	\$ (2,613)
General Purpose Revenues:					
		Interest and rentals		218	
		Total General Revenues		218	
		Change in Net Position		(2,395)	
		<i>Net Position at Beginning of Period</i>		26,702	
		Net Position at End of Period		\$ 24,307	

**Barry County Board of Public Works
Balance Sheet
Governmental Funds
December 31, 2018**

	Debt Service			
	Yankee Springs Debt	Middleville Sewer Debt 2006 B	Middleville Sewer Debt 2006 A	Fawn Lake Sewer Debt
ASSETS				
Cash and investments	\$ 667	\$ 37	\$ 73	\$ 415
Accounts receivable	224,677	85,452	527,789	202,128
<i>Total Assets</i>	<u>225,344</u>	<u>85,489</u>	<u>527,862</u>	<u>202,543</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	224,677	85,452	527,789	202,128
<i>Total Liabilities and Deferred Inflows of Resources</i>	<u>224,677</u>	<u>85,452</u>	<u>527,789</u>	<u>202,128</u>
FUND BALANCE				
Restricted	667	37	73	415
<i>Total Fund Balance</i>	<u>667</u>	<u>37</u>	<u>73</u>	<u>415</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<u>\$ 225,344</u>	<u>\$ 85,489</u>	<u>\$ 527,862</u>	<u>\$ 202,543</u>

**Barry County Board of Public Works
Balance Sheet
Governmental Funds
December 31, 2018**

	Debt Service				
	Yankee Springs Arsenic Debt	Finkbeiner Crane Debt	1999 Middleville Sewer	Leach and Middle Lake Sewer	Total Governmental Funds
ASSETS					
Cash and investments	\$ 3,520	\$ 13,736	\$ 554	\$ 280	\$ 19,282
Accounts receivable	226,195	608,530	--	1,687,547	3,562,318
<i>Total Assets</i>	229,715	622,266	554	1,687,827	3,581,600
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	226,195	608,530	--	1,687,547	3,562,318
<i>Total Liabilities and Deferred Inflows of Resources</i>	226,195	608,530	--	1,687,547	3,562,318
FUND BALANCE					
Restricted	3,520	13,736	554	280	19,282
<i>Total Fund Balance</i>	3,520	13,736	554	280	19,282
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	\$ 229,715	\$ 622,266	\$ 554	\$ 1,687,827	\$ 3,581,600

Barry County Board of Public Works
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Funds	\$ 19,282
Long-term liabilities, including related accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund statements.	(3,557,293)
Long-term receivables are not available to pay for current period expenditures and are, therefore, reported as deferred inflows of resources in the governmental fund statements.	3,562,318
Total Net Position - Governmental Funds	\$ <u>24,307</u>

Barry County Board of Public Works
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Debt Service			
	Yankee Springs Debt	Middleville Sewer Debt 2006 B	Middleville Sewer Debt 2006 A	Fawn Lake Sewer Debt
Revenues				
Intergovernmental	\$ 41,457	\$ 12,019	\$ 61,081	\$ 34,831
Interest and rentals	23	7	38	19
Total Revenues	<u>41,480</u>	<u>12,026</u>	<u>61,119</u>	<u>34,850</u>
Expenditures				
Public works	--	--	--	803
Debt service, principal	35,000	10,000	50,000	25,000
Debt service, interest	6,457	2,019	11,081	9,028
Total Expenditures	<u>41,457</u>	<u>12,019</u>	<u>61,081</u>	<u>34,831</u>
Excess of Revenues Over (Under) Expenditures	<u>23</u>	<u>7</u>	<u>38</u>	<u>19</u>
Net Change in Fund Balance	<u>23</u>	<u>7</u>	<u>38</u>	<u>19</u>
<i>Fund Balance at Beginning of Period</i>	644	30	35	396
Fund Balance at End of Period	<u>\$ 667</u>	<u>\$ 37</u>	<u>\$ 73</u>	<u>\$ 415</u>

Barry County Board of Public Works
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the year Ended December 31, 2018

	Debt Service				Total Governmental Funds
	Yankee Springs Arsenic Debt	Finkbeiner Crane Debt	1999 Middleville Sewer	Leach and Middle Lake Sewer	
Revenues					
Intergovernmental	\$ 30,313	\$ 96,426	\$ 79,350	\$ 173,552	\$ 529,029
Interest and rentals	17	--	42	109	255
Total Revenues	<u>30,330</u>	<u>96,426</u>	<u>79,392</u>	<u>173,661</u>	<u>529,284</u>
Expenditures					
Public works	--	250	750	--	1,803
Debt service, principal	25,000	85,000	75,000	130,000	435,000
Debt service, interest	5,314	18,139	3,600	43,552	99,190
Total Expenditures	<u>30,314</u>	<u>103,389</u>	<u>79,350</u>	<u>173,552</u>	<u>535,993</u>
Excess of Revenues Over (Under) Expenditures	<u>16</u>	<u>(6,963)</u>	<u>42</u>	<u>109</u>	<u>(6,709)</u>
Net Change in Fund Balance	<u>16</u>	<u>(6,963)</u>	<u>42</u>	<u>109</u>	<u>(6,709)</u>
<i>Fund Balance at Beginning of Period</i>	3,504	20,699	512	171	25,991
Fund Balance at End of Period	<u>\$ 3,520</u>	<u>\$ 13,736</u>	<u>\$ 554</u>	<u>\$ 280</u>	<u>\$ 19,282</u>

Barry County Board of Public Works
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the year Ended December 31, 2018

Total Net Change in Fund Balances - Governmental Funds	\$ (6,709)
Long-term liabilities, including related accrued interest, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental fund statements.	(2,649)
Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the current year change in accrued interest payable.	3,230
Repayment of long-term debt is reported as expenditures in the governmental fund statements, but the repayment reduces long-term liabilities in the statement of net position in the current period.	435,000
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period these amounts consist of long-term receivables (not collected within 60 days of year-end).	(431,267)
Changes in Net Position - Governmental Funds	\$ <u>(2,395)</u>

Barry County Economic Development Board
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Community and economic development	\$ 131,560	\$ --	\$ 116,560	\$ --	\$ (15,000)
					(15,000)
					15,000
					\$ --

Change in Net Position
Net Position at Beginning of Period
Net Position at End of Period

Barry County Economic Development Board
Statement of Revenues, Expenditures, and Changes in Fund
Balance
Governmental Fund
For the Year Ended December 31, 2018

	Total Governmental Fund
Revenues	
Intergovernmental	116,560
<i>Total Revenues</i>	116,560
Expenditures	
Community and economic development	\$ 131,560
<i>Total Expenditures</i>	131,560
<i>Excess of Revenues Over (Under) Expenditures</i>	(15,000)
<i>Net Change in Fund Balance</i>	(15,000)
<i>Fund Balance at Beginning of Period</i>	15,000
<i>Fund Balance at End of Period</i>	\$ --

Barry County Airport Commission
Statement of Net Position
December 31, 2018

ASSETS

Current Assets

Cash and investments	\$ 245,531
Inventories	25,953
Total Current Assets	271,484

Noncurrent Assets

Capital assets not being depreciated	447,600
Capital assets being depreciated, net	4,529,768
Total Assets	5,248,852

LIABILITIES

Current Liabilities

Accounts payable	8,919
Total Liabilities	8,919

NET POSITION

Investment in capital assets	4,977,368
<i>Unrestricted</i>	262,565
Total Net Position	\$ 5,239,933

Barry County Airport Commission
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Public works	\$ 315,306	\$ 320,786	\$ --	\$ --	\$ 5,480
Total	\$ 315,306	\$ 320,786	\$ --	\$ --	\$ 5,480
General Purpose Revenues:					
Other revenues		46,729			
Total General Revenues		46,729			
Change in Net Position		52,209			
<i>Net Position at Beginning of Period</i>		5,187,724			
Net Position at End of Period		\$ 5,239,933			

**Barry County Airport Commission
Balance Sheet
Governmental Fund
December 31, 2018**

	Total Governmental Fund
ASSETS	
Cash and investments	\$ 245,531
Inventories	25,953
<i>Total Assets</i>	<u>271,484</u>
LIABILITIES	
Accounts payable	\$ 8,919
FUND BALANCE	
Nonspendable	25,953
Unassigned	236,612
<i>Total Fund Balance</i>	<u>262,565</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 271,484</u>

Barry County Airport Commission
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position
December 31, 2018

Total Fund Balance - Governmental Fund	\$ 262,565
General government capital assets of \$8,528,813, net of accumulated depreciation of \$3,551,445, are not financial resources and, accordingly, are not reported in the funds.	4,977,368
Total Net Position - Governmental Fund	\$ <u>5,239,933</u>

Barry County Airport Commission
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
For the Year Ended December 31, 2018

	Total Governmental Fund
Revenues	
Charges for services	\$ 320,786
Other revenues	46,729
<i>Total Revenues</i>	<u>367,515</u>
Expenditures	
Public works	105,903
Capital outlay	577,157
<i>Total Expenditures</i>	<u>683,060</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(315,545)</u>
<i>Net Change in Fund Balance</i>	<u>(315,545)</u>
<i>Fund Balance at Beginning of Period</i>	578,110
<i>Fund Balance at End of Period</i>	<u>\$ 262,565</u>

Barry County Airport Commission
Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended December 31, 2018

Total Net Change in Fund Balances - Governmental Fund	\$	(315,545)
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Governmental fund report capital outlay as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$577,157 exceeds depreciation expense of \$209,403.

367,754

Changes in Net Position - Governmental Fund	\$	<u>52,209</u>
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**BARRY COUNTY
SINGLE AUDIT ACT COMPLIANCE
YEAR ENDED DECEMBER 31, 2018**

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**INDEPENDENT AUDITOR'S REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Commissioners
Barry County
Hastings, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Barry County, Michigan (the "County") as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 7, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Gabridge & Company, PLC
Grand Rapids, MI
June 7, 2019

Barry County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2018

Federal/Pass-through Grantor Program Title	CFDA Number	Federal/Pass-through Grantor Number	Federal Expenditures
U.S. Department of Justice			
Passed through the Michigan State Court Administrative Office Edward Byrne Memorial Justice Assistance Grant Program: FY 2018 Adult Felony Drug Court	16.738	2016-MU-BX-0964	\$ 38,077
Total U.S. Department of Justice			<u>38,077</u>
U.S. Department of Health and Human Services			
Passed through the Region III-B Area Agency on Aging:			
Title III-D Health Promotion/Disease Prevention FY 2018	93.043	18BCCOA1	<u>818</u>
Aging Cluster:			
Supportive Services and Senior Centers:			
FY 2018	93.044	18BCCOA1	13,127
FY 2019	93.044	19BCCOA1	<u>8,743</u>
			<u>21,870</u>
Title III-C Special Programs for the Aging, Nutrition Services:			
FY 2018 Nutrition Congregate	93.045	18BCCOA1	57,166
FY 2019 Nutrition Congregate	93.045	19BCCOA1	19,340
FY 2018 Nutrition Home Delivered Meals	93.045	18BCCOA1	40,620
FY 2019 Nutrition Home Delivered Meals	93.045	19BCCOA1	<u>10,250</u>
			<u>127,376</u>
Nutrition Services Incentive Program			
FY 2018	93.053	18BCCOA1	28,700
FY 2019	93.053	19BCCOA1	<u>15,685</u>
			<u>44,385</u>
Total Aging Cluster:			<u>193,631</u>
Title III-E/National Family Caregiver Support:			
FY 2017	93.052	SFSC-04-11001-5	4,747
FY 2018	93.052	SFSC-04-11001-5	<u>1,553</u>
			<u>6,300</u>
Child Support Enforcement:			
Passed through Michigan Department of Health and Human Services			
Title IV-D Program	93.563	CS/COM-17-08003	784,969
Incentive Payments	93.563	-n/a-	<u>103,912</u>
			<u>888,881</u>
Passed through the Michigan State Court Administrative Office:			
Access and Visitation Grant	93.597	-n/a-	<u>350</u>
Total U.S. Department of Health and Human Services			<u>1,128,057</u>

See notes to the schedule of expenditures of federal awards

continued...

Barry County
Schedule of Expenditures of Federal Awards (Concluded)
For the Year Ended December 31, 2018

Federal/Pass-through Grantor Program Title	CFDA Number	Federal/Pass-through Grantor Number	Federal Expenditures
U.S. Department of Homeland Security			
Passed through the Michigan State Police:			
Emergency Management Performance Grant:			
FY 2018	97.042	EMC-2018-EP-00002	\$ 25,201
FY 2019	97.042	n/a	<u>9,523</u>
			<u>34,724</u>
Passed through the County of Van Buren, Michigan:			
Homeland Security Grant Program:			
State Homeland Security Program - Training FY 2016	97.067	EMW-2016-SS-00010-S01	5,279
State Homeland Security Program - Equipment FY 2016	97.067	EMW-2016-SS-00010-S01	<u>7,944</u>
			<u>13,223</u>
Total U.S. Department of Homeland Security			<u>47,947</u>
Total Expenditures of Federal Awards			<u>\$ 1,176,004</u>

See notes to the schedule of expenditures of federal awards

Barry County

Notes to the Schedule of Expenditures of Federal Awards

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Barry County (the "County") under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's Audited Financial Statements. The County's financial statements include the operations of the Barry County Road Commission, which received federal awards that are not included in the Schedule for the year ended December 31, 2018, as this entity was separately audited.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

NOTE C - RECONCILIATION TO FINANCIAL STATEMENTS

A reconciliation of the amounts presented in the Schedule to the amounts presented in the financial statements is as follows:

Intergovernmental revenue reported in the financial statements	
Governmental funds	\$ 5,429,836
Subtract state and local sources:	<u>4,253,832</u>
Total expenditures of federal awards	<u>\$ 1,176,004</u>

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

Board of Commissioners
Barry County
Hastings, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of **Barry County, Michigan** (the "County"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 7, 2019. Our report includes a reference to other auditors who audited the financial statements of the Barry County Road Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The Independent Auditors' Report indicated that the audit of the Barry County Road Commission was not performed in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Gabridge & Company, PLC
Grand Rapids, MI
June 7, 2019

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

Board of Commissioners
Barry County
Hastings, Michigan

Report on Compliance for Each Major Federal Program

We have audited *Barry County, Michigan's* (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Barry County Road Commission and Barry County Transit, which received \$629,116 and \$315,677 in federal awards, respectively, and which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2018. Our audit, described below, did not include the operations of Barry County Road Commission or Barry County Transit, because these entities arranged for separate financial statement audits and did not meet the criteria for a single audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on its Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

Purpose of this Report

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



Gabridge & Company, PLC
Grand Rapids, MI
June 7, 2019

Barry County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
Auditee qualified as a low-risk auditee?	No

SECTION II - FINANCIAL STATEMENT FINDINGS
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No matters were reported

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
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No matters were reported

SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS

2017-001 - Internal Controls over Preparation of the Schedule of Expenditures of Federal Awards
This finding was resolved during 2018.