

**County of Antrim, Michigan**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2011**

**COUNTY OF ANTRIM, MICHIGAN**

**BOARD OF COMMISSIONERS**

Laura Stanek  
Chairman

Bernard Blackmore  
Vice Chairman

Ed Boettcher  
Brenda Ricksgers  
Karen Bary  
David Howelman

Michael Crawford  
Eugene Dawson  
Jerroll Drenth

**OTHER OFFICIALS**

Peter Garwood – Administrator

Debra Haydell  
Accountant

Laura Sexton  
Clerk

Sherry Comben  
Treasurer

Daniel S. Bean  
Sheriff

Charles Koop  
Prosecuting Attorney

**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS .....</b>	<b>3</b>
<b>BASIC FINANCIAL STATEMENTS:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds .....	14
Reconciliation of Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in in Fund Balances to the Statement of Activities .....	15
Proprietary Funds:	
Statement of Net Assets.....	16
Statement of Revenues, Expenses, and Changes in Net Assets .....	17
Statement of Cash Flows .....	18
Fiduciary Funds:	
Statement of Fiduciary Net Assets .....	19
<b>NOTES TO FINANCIAL STATEMENTS .....</b>	<b>20</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION:</b>	
Employee Retirement and Benefit Systems:	
Schedule of Funding Progress .....	45
Major Funds:	
Budgetary Comparison Schedule – General Funds .....	46
Budgetary Comparison Schedule – Revenue Sharing Reserve Fund.....	49
Budgetary Comparison Schedule – Services for the Aged.....	50
Budgetary Comparison Schedule – Housing Project Income .....	51

**OTHER SUPPLEMENTARY INFORMATION:**

Combining Balance Sheet – General Funds..... 52

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances – General Funds ..... 55

Combining Balance Sheet – Nonmajor Governmental Funds..... 58

Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances – Nonmajor Governmental Funds ..... 63

Combining Statement of Net Assets – Nonmajor Enterprise Funds ..... 68

Combining Statement of Revenues, Expenses, and Changes in  
Net Assets – Nonmajor Enterprise Funds ..... 69

Combining Statement of Cash Flows – Nonmajor Enterprise Funds..... 70

**REPORTS ON COMPLIANCE:**

Report on Internal Control Over Financial Reporting  
and on Compliance and on Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards* ..... 71

Independent Auditor’s Report on Compliance with Requirements  
That Could Have a Direct and Material Effect on each Major Program  
and on Internal Control Over Compliance in Accordance  
with *OMB Circular A-133* ..... 73

Schedule of Expenditures of Federal Awards..... 75

Notes to Schedule of Expenditures of Federal Awards ..... 76

Schedule of Findings and Questioned Costs..... 77

Summary Schedule of Prior Year Audit Findings ..... 79



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA  
AMBER N. MACK, CPA, EA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT**

Chairman and Members  
of the Board of Commissioners  
County of Antrim, Michigan  
203 E. Cayuga Street  
Bellaire, Michigan 49615

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Antrim's management. Our responsibility is to express opinions on these financial statements based on our audit.

We did not audit the financial statements of the Medical Care Facility, which represents 45% and 84% of the assets and revenues of the Business-type Activities. We did not audit the financial statements of the Antrim County Road Commission, which represent 100% and 100% of the assets and revenues of the Discretely Presented Component Unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts recorded for the Medical Care Facility and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the 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, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of December 31, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2012 on our consideration of the County of Antrim, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 3 through 10, page 45 and pages 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of 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 did 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Antrim, Michigan's financial statements as a whole. The combining major and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining major and nonmajor fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

June 18, 2012

## **Management's Discussion and Analysis**

---

As management of Antrim County, we offer readers of the Antrim County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2011. 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

The assets of Antrim County exceed its liabilities at the close of fiscal year, 2011 by \$60,425,515. Of this amount \$31,476,977 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

- \* At December 31, 2011, the County's governmental funds reported combined ending fund balances of \$15,470,980.
- \* At December 31, 2011, unassigned fund balance for the General Fund was \$6,370,082 or 50% of General Fund expenditures and transfers out.
- \* Governmental funds revenues were \$15,784,287.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements and 4) required supplementary information. 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 finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in *net assets* 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 assets changed during the most recent fiscal year. All changes in net assets 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 of some items that will only result in cash flows in future fiscal periods (e.g. accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, and recreation and culture. The business-type activities of the County include delinquent property tax collection, medical care facility, transportation, and hydroelectric utility.

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

The government-wide financial statements can be found on pages 11-12 of this report.

### **Fund Financial Statements**

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

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

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

The County maintains 61 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, considered to be the major fund. 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 for the County's major fund.

The basic governmental fund financial statements can be found on pages 13-14 of this report.

*Proprietary Funds.* The County maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its medical care facility, delinquent taxes, transportation, hydroelectric funds, and airport.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

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

The basic fiduciary fund financial statements can be found on page 19 of this report.

### **Notes To The Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-44 of this report.

### **Required Supplementary Information**

Required supplementary information related to the County's pension plan and budgetary comparison schedules can be found on page 45-51 of this report.

### **Other Supplementary Information**

The combining statements referred to earlier in connection with general funds and nonmajor governmental funds are presented following the notes to the financial statements. Combining statements and schedules can be found on pages 52-70 of this report.

### **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$60,425,515 at the close of the most recent fiscal year. A large portion of the County's net assets reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. At December 31, 2011 the County had \$0 debt associated with its governmental fund capital assets.

County of Antrim  
Net Assets

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Current Assets	\$ 18,171,988	\$ 18,457,500	\$ 23,789,652	\$ 21,283,086	\$ 41,961,640	\$ 39,740,586
Capital Assets	18,272,935	18,076,425	6,201,252	5,752,216	24,474,187	23,828,641
Total Assets	<u>\$ 36,444,923</u>	<u>\$ 36,533,925</u>	<u>\$ 29,990,904</u>	<u>\$ 27,035,302</u>	<u>\$ 66,435,827</u>	<u>\$ 63,569,227</u>
Current Liabilities	\$ 2,701,008	\$ 2,789,667	\$ 3,212,949	\$ 2,819,027	\$ 5,913,957	\$ 5,608,694
Noncurrent Liabilities	96,355	69,248	-	-	96,355	69,248
Total Liabilities	<u>2,797,363</u>	<u>2,858,915</u>	<u>3,212,949</u>	<u>2,819,027</u>	<u>6,010,312</u>	<u>5,677,942</u>
Net Assets						
Invested in Capital Assets - Net of Related Debt	18,176,580	18,076,425	6,201,252	5,752,216	24,377,832	23,828,641
Restricted	4,570,706	6,177,055	-	1,376,252	4,570,706	7,553,307
Unrestricted	<u>10,900,274</u>	<u>9,421,530</u>	<u>20,576,703</u>	<u>17,087,807</u>	<u>31,476,977</u>	<u>26,509,337</u>
Total Net Assets	<u>\$ 33,647,560</u>	<u>\$ 33,675,010</u>	<u>\$ 26,777,955</u>	<u>\$ 24,216,275</u>	<u>\$ 60,425,515</u>	<u>\$ 57,891,285</u>

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Governmental investment in capital assets, net of related debt, is 54% of total net assets. An additional portion of the County’s governmental net assets (14%) represents resources that are subject to external restrictions on how they may be used. Restricted net assets are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets, net of related debt) are considered restricted or unrestricted. The unrestricted portion of the County’s governmental net assets is 32% of net assets. These net assets may be used to meet the government’s ongoing obligations to citizens and creditors.

**County of Antrim  
Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Program Revenues						
Charges for Services	\$ 2,680,738	\$ 2,663,919	\$ 13,696,767	\$ 12,416,106	\$ 16,377,505	\$ 15,080,025
Operating Grants and Contributions	2,622,178	3,328,374	415,620	408,973	3,037,798	3,737,347
Capital Grants and Contributions	215,323	128,157	747,803	258,087	963,126	386,244
General Revenues						
Property Taxes	9,731,605	10,065,961	1,709,954	1,440,148	11,441,559	11,506,109
Convention Tax	144,026	144,148	-	-	144,026	144,148
Unrestricted Investment Earnings	42,582	55,978	47,966	65,129	90,548	121,107
Rents	344,535	350,432	-	-	344,535	350,432
Gain/(Loss) on sale of Capital Assets	(18,902)	-	2,829	2,135	(16,073)	2,135
<b>Total Revenues</b>	<b>15,762,085</b>	<b>16,736,969</b>	<b>16,620,939</b>	<b>14,590,578</b>	<b>32,383,024</b>	<b>31,327,547</b>
Program Expenses						
Legislative	168,020	152,287	-	-	168,020	152,287
Judicial	1,925,043	1,915,373	-	-	1,925,043	1,915,373
General Government	4,023,525	3,844,358	-	-	4,023,525	3,844,358
Public Safety	5,470,641	5,547,435	-	-	5,470,641	5,547,435
Public Works	906	13,441	-	-	906	13,441
Health and Welfare	3,305,716	3,217,544	-	-	3,305,716	3,217,544
Community / Economic Development	274,408	367,999	-	-	274,408	367,999
Recreation & Culture	374,597	388,716	-	-	374,597	388,716
Delinquent Property Tax	-	-	367,019	174,332	367,019	174,332
Medical Care Facility	-	-	12,223,191	11,868,990	12,223,191	11,868,990
Other Expense	-	-	1,715,728	1,551,591	1,715,728	1,551,591
<b>Total Expenses</b>	<b>15,542,856</b>	<b>15,447,153</b>	<b>14,305,938</b>	<b>13,594,913</b>	<b>29,848,794</b>	<b>29,042,066</b>
Change in Net Assets Before Transfers	219,229	1,289,816	2,315,001	995,665	2,534,230	2,285,481
Transfers – Net	(246,679)	(208,102)	246,679	208,102	-	-
Changes in Net Assets	(27,450)	1,081,714	2,561,680	1,203,767	2,534,230	2,285,481
Net Assets – Beginning	33,675,010	32,593,296	24,216,275	23,012,508	57,891,285	55,605,804
Net Assets – Ending	\$ 33,647,560	\$ 33,675,010	\$ 26,777,955	\$ 24,216,275	\$ 60,425,515	\$ 57,891,285

**Governmental Activities**

Governmental activities decreased the County's net assets by \$27,450. The main reasons for the change in fund balances and the change in net assets are capital outlays in the current year which are expensed under the modified accrual method and are carried as capital assets under full accrual.

Government activities include:

- Legislative activities – Expenditures related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities– Expenditures related to the administration of Circuit, District, and Probate/Family Courts and Court Probation units.
- General government activities – Expenditures related to the support departments of the County such as Administration, Equalization, Treasury, Airport, Facilities Management, Finance, and Other.
- Public Safety – Expenditures related to the Sheriff's administration and road patrol and County corrections services.
- Public Works – Expenditures related to the Public Works department of the County.
- Health and Welfare – Expenditures related to public health services, child care, medical examiner, programs for seniors, and housing assistance programs.
- Community/Economic Development – Expenditures related to county planner/coordinator and economic development.
- Parks and Recreation – Expenditures related to County parks.

**Business-Type Activities**

The business-type activities of the County include proprietary operations.

Business-type activities increased the County's net assets after transfers by \$2,561,680. The increase in the business-type activities' net assets was generated through interest and penalties on delinquent property taxes and interest earned on deposits in the Delinquent Tax Revolving Fund. The Medical Care Facility also showed an increase in net assets as a result of a tax levy. The Transportation Fund and Airport Fund also showed an increase in net assets for the year.

Business-type activities include:

- Delinquent tax revolving fund – This fund was established as a means to provide the local governments within the County's jurisdiction with 100% of the property tax distributions owed to them annually. The County then acts as the collection agency for the outstanding delinquent taxes.
- Medical Care Facility – This fund was established to provide funds for care and maintenance of the medical care facility.
- Transportation Fund – This fund was established to provide funds for operation and maintenance of the transportation facilities.
- Elk Rapids Hydroelectric Fund – This fund was established to provide funds for operation and maintenance of the hydroelectric facility.
- Airport Fund – This fund was established to provide funds for operation and maintenance of the County airport.

**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 governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County 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. Unassigned fund balance represented 55.19% of annual governmental expenditures in 2011 in the governmental funds.

The General Fund fund balance increased by \$301,783 from \$8,956,051 to \$9,257,834 during 2011.

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

	<b>UNRESTRICTED NET ASSETS</b>	
	<u>2011</u>	<u>2010</u>
<u>Enterprise Funds</u>		
100% Tax Payment Fund	\$ 11,139,066	\$ 10,874,804
Medical Care Facility	\$ 7,413,908	\$ 5,647,044
Transportation Fund	\$ 192,647	\$ 146,724
Elk Rapids Hydro Electric	\$ 313,598	\$ 313,441
Airport Fund	\$ 121,844	\$ 105,794

**General Fund Budgetary Highlights**

Other factors considering the finances of these funds have been addressed in the discussion of the County’s business-type activities.

Amended budgetary expenditures and revenues differed from the originally adopted with the following being some of the more significant amendments:

**Revenues:**

Sheriff Services were increased by	\$ 55,600
Abstract Services were increased by	\$ 10,000
Register of Deeds services were increased by	\$ 23,000

**Expenditures:**

Judicial was increased by	\$ 56,876
General Government was increased by	\$ 449,486
Public Safety was increased by	\$ 296,765
Health & Welfare was increased by	\$ 142,850

**Capital Asset and Debt Administration**

Capital Assets – A capital asset is an asset whose cost exceeds \$5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives. A schedule of capital assets is shown on pages 31-34 of the accompanying report.

The County currently has no long-term debt but is in the process of borrowing to fund renovations at the Medical Care Facility.

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

The taxable value of commercial, residential, and personal property decreased by 4.7% from 2010 to 2011. The decrease is expected to continue but possibly at a slower rate.

In a climate where other counties are seeing their revenues shrink, Antrim County has enjoyed slow but steady economic growth during the last three years until 2011, despite the broader economic climate. We attribute much of our County's growth to the increase in development of the recreational assets of the County such as parks, golf courses, and resorts. The County anticipates slow economic growth to continue throughout 2012.

**Requests for Information**

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be referred to the Antrim County Clerk, P.O. Box 520, Bellaire, MI 49615.

## **Basic Financial Statements**

---

# County of Antrim, Michigan

## Statement of Net Assets December 31, 2011

	Primary Government		Totals	Component Unit
	Governmental Activities	Business-type Activities		
<b>ASSETS:</b>				
Current Assets:				
Cash and Investments - Unrestricted	\$ 10,854,238	\$ 15,435,491	\$ 26,289,729	\$ 1,279,993
Cash and Investments - Restricted	3,841,242	1,395,640	5,236,882	117,835
Receivables:				
Accounts	163,845	1,796,315	1,960,160	3,841
Current Taxes	1,403,932	1,675,894	3,079,826	-
Delinquent Taxes	-	1,839,345	1,839,345	-
Interest and Penalties	-	520,999	520,999	-
Other Governments	522,934	262,349	785,283	599,539
Mortgages	1,385,797	-	1,385,797	-
Other Assets	-	312,500	312,500	-
Third Party Payor - Settlements	-	416,000	416,000	-
Inventories	-	35,133	35,133	587,689
Prepaid Expenses	-	99,986	99,986	39,570
Total Current Assets	<u>18,171,988</u>	<u>23,789,652</u>	<u>41,961,640</u>	<u>2,628,467</u>
Noncurrent Assets:				
Capital Assets Not Depreciated	11,172,082	1,504,430	12,676,512	-
Capital Assets (Net of Accumulated Depreciation)	<u>7,100,853</u>	<u>4,696,822</u>	<u>11,797,675</u>	<u>28,328,015</u>
Total Noncurrent Assets	<u>18,272,935</u>	<u>6,201,252</u>	<u>24,474,187</u>	<u>28,328,015</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 36,444,923</b></u>	<u><b>\$ 29,990,904</b></u>	<u><b>\$ 66,435,827</b></u>	<u><b>\$ 30,956,482</b></u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$ 506,850	\$ 786,391	\$ 1,293,241	\$ 248,834
Accrued Liabilities	144,933	751,282	896,215	35,335
Advances from Other Governmental Units	-	-	-	202,600
Deferred Revenue	<u>2,049,225</u>	<u>1,675,276</u>	<u>3,724,501</u>	<u>-</u>
Total Current Liabilities	<u>2,701,008</u>	<u>3,212,949</u>	<u>5,913,957</u>	<u>486,769</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	-	-	-	140,208
Post Employment Health Care (OPEB)	<u>96,355</u>	<u>-</u>	<u>96,355</u>	<u>173,853</u>
Total Noncurrent Liabilities	<u>96,355</u>	<u>-</u>	<u>96,355</u>	<u>314,061</u>
<b>TOTAL LIABILITIES</b>	<u><b>2,797,363</b></u>	<u><b>3,212,949</b></u>	<u><b>6,010,312</b></u>	<u><b>800,830</b></u>
<b>NET ASSETS:</b>				
Invested in Capital Assets (net of related debt)	18,176,580	6,201,252	24,377,832	28,328,015
Restricted	4,570,706	-	4,570,706	1,827,637
Unrestricted	<u>10,900,274</u>	<u>20,576,703</u>	<u>31,476,977</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u><b>\$ 33,647,560</b></u>	<u><b>\$ 26,777,955</b></u>	<u><b>\$ 60,425,515</b></u>	<u><b>\$ 30,155,652</b></u>

# County of Antrim, Michigan

## Statement of Activities For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 168,020	\$ -	\$ -	\$ -	\$ (168,020)	\$ -	\$ (168,020)	\$ -
Judicial	1,925,043	498,819	321,187	-	(1,105,037)	-	(1,105,037)	-
General Government	4,023,525	604,095	809,688	-	(2,609,742)	-	(2,609,742)	-
Public Safety	5,470,641	1,185,845	390,714	-	(3,894,082)	-	(3,894,082)	-
Public Works	906	-	-	-	(906)	-	(906)	-
Health & Welfare	3,305,716	242,977	955,839	-	(2,106,900)	-	(2,106,900)	-
Community and Economic Development	274,408	-	-	-	(274,408)	-	(274,408)	-
Recreation and Culture	374,597	149,002	144,750	215,323	134,478	-	134,478	-
Total Governmental Activities	<u>15,542,856</u>	<u>2,680,738</u>	<u>2,622,178</u>	<u>215,323</u>	<u>(10,024,617)</u>	<u>-</u>	<u>(10,024,617)</u>	<u>-</u>
<b>Business-type Activities:</b>								
Delinquent Property Tax	367,019	790,513	-	-	-	423,494	423,494	-
Medical Care Facility	12,223,191	12,293,044	4,800	-	-	74,653	74,653	-
Other	1,715,728	613,210	410,820	747,803	-	56,105	56,105	-
Total Business-type Activities	<u>14,305,938</u>	<u>13,696,767</u>	<u>415,620</u>	<u>747,803</u>	<u>-</u>	<u>554,252</u>	<u>554,252</u>	<u>-</u>
Total Primary Government	<u>29,848,794</u>	<u>16,377,505</u>	<u>3,037,798</u>	<u>963,126</u>	<u>(10,024,617)</u>	<u>554,252</u>	<u>(9,470,365)</u>	<u>-</u>
<b>Component Unit:</b>								
Road Commission	<u>5,994,757</u>	<u>713,082</u>	<u>4,409,601</u>	<u>406,940</u>				<u>(465,134)</u>
Total Component Unit	<u>5,994,757</u>	<u>713,082</u>	<u>4,409,601</u>	<u>406,940</u>				<u>(465,134)</u>
Total	<u>\$ 35,843,551</u>	<u>\$ 17,090,587</u>	<u>\$ 7,447,399</u>	<u>\$ 1,370,066</u>				
<b>General Revenues and Transfers:</b>								
Property Taxes					9,731,605	1,709,954	11,441,559	-
Convention Taxes					144,026	-	144,026	-
Investment Earnings					42,582	47,966	90,548	7,746
Rents					344,535	-	344,535	-
Gain/(Loss) on Sale of Capital Assets					(18,902)	2,829	(16,073)	-
Transfers - Internal Activities					(246,679)	246,679	-	-
<b>Total General Revenues and Transfers</b>					<u>9,997,167</u>	<u>2,007,428</u>	<u>12,004,595</u>	<u>7,746</u>
Changes in Net Assets					(27,450)	2,561,680	2,534,230	(457,388)
Net Assets - Beginning					33,675,010	24,216,275	57,891,285	30,613,040
<b>Net Assets - Ending</b>					<u>\$ 33,647,560</u>	<u>\$ 26,777,955</u>	<u>\$ 60,425,515</u>	<u>\$ 30,155,652</u>

See accompanying notes to financial statements.

# County of Antrim, Michigan

## Balance Sheet Governmental Funds December 31, 2011

	General Funds	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Cash and Investments - Unrestricted	\$ 8,792,522	\$ -	\$ 40,927	\$ 34,207	\$ 1,986,582	\$ 10,854,238
Cash and Investments - Restricted	-	3,841,242	-	-	-	3,841,242
Receivables:						
Taxes	738,260	-	665,672	-	-	1,403,932
Accounts	29,807	-	-	-	134,038	163,845
Mortgages	-	-	-	1,384,692	1,105	1,385,797
Due from Governmental Units	227,152	-	8,095	-	287,687	522,934
<b>TOTAL ASSETS</b>	<b>\$ 9,787,741</b>	<b>\$ 3,841,242</b>	<b>\$ 714,694</b>	<b>\$ 1,418,899</b>	<b>\$ 2,409,412</b>	<b>\$ 18,171,988</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 419,178	\$ -	\$ 35,836	\$ -	\$ 51,836	\$ 506,850
Accrued Liabilities	110,729	-	10,602	-	23,602	144,933
Deferred Revenue	-	-	664,533	1,384,692	-	2,049,225
<b>TOTAL LIABILITIES</b>	<b>529,907</b>	<b>-</b>	<b>710,971</b>	<b>1,384,692</b>	<b>75,438</b>	<b>2,701,008</b>
<b>FUND BALANCES:</b>						
Restricted	394,290	3,841,242	3,723	-	331,451	4,570,706
Committed	117,118	-	-	-	341,485	458,603
Assigned	2,376,344	-	-	34,207	1,661,038	4,071,589
Unassigned	6,370,082	-	-	-	-	6,370,082
<b>TOTAL FUND BALANCES</b>	<b>9,257,834</b>	<b>3,841,242</b>	<b>3,723</b>	<b>34,207</b>	<b>2,333,974</b>	<b>15,470,980</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 9,787,741</b>	<b>\$ 3,841,242</b>	<b>\$ 714,694</b>	<b>\$ 1,418,899</b>	<b>\$ 2,409,412</b>	
<b>Reconciliation to amounts reported for governmental activities in the statement of net assets:</b>						
Capital assets used by governmental activities						18,272,935
Other postemployment benefits liability						(96,355)
<b>Net assets of governmental activities</b>						<b>\$ 33,647,560</b>

# County of Antrim, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2011

	General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes and Penalties	\$ 9,048,058	\$ -	\$ 683,547	\$ -	\$ -	\$ 9,731,605
Licenses & Permits	164,039	-	-	-	398,380	562,419
Federal	60,751	-	68,811	-	300,952	430,514
State	695,147	-	117,482	-	637,819	1,450,448
Local	-	-	-	-	12,699	12,699
Charges for Services	1,145,392	-	228,400	-	627,357	2,001,149
Fines & Forfeits	1,838	-	-	-	54,445	56,283
Interest & Rentals	253,434	-	5,935	6,604	121,144	387,117
Other Revenue	492,810	-	200	80,083	578,960	1,152,053
<b>TOTAL REVENUES</b>	<b>11,861,469</b>	<b>-</b>	<b>1,104,375</b>	<b>86,687</b>	<b>2,731,756</b>	<b>15,784,287</b>
<b>EXPENDITURES:</b>						
Legislative	168,020	-	-	-	-	168,020
Judicial	1,862,755	-	-	-	25,360	1,888,115
General Government	3,744,898	-	-	-	42,366	3,787,264
Public Safety	3,925,476	-	-	-	1,225,071	5,150,547
Public Works	906	-	-	-	-	906
Health & Welfare	1,070,277	-	1,188,640	-	1,024,506	3,283,423
Community/Economic Development	274,408	-	-	-	-	274,408
Recreation and Culture	282,515	-	-	-	6,466	288,981
Capital Outlay	213,426	-	31,045	-	648,326	892,797
<b>TOTAL EXPENDITURES</b>	<b>11,542,681</b>	<b>-</b>	<b>1,219,685</b>	<b>-</b>	<b>2,972,095</b>	<b>15,734,461</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>318,788</b>	<b>-</b>	<b>(115,310)</b>	<b>86,687</b>	<b>(240,339)</b>	<b>49,826</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	1,100,031	-	-	-	320,994	1,421,025
Operating Transfers Out	(1,117,036)	(450,704)	-	(60,294)	(39,670)	(1,667,704)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>301,783</b>	<b>(450,704)</b>	<b>(115,310)</b>	<b>26,393</b>	<b>40,985</b>	<b>(196,853)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>8,956,051</b>	<b>4,291,946</b>	<b>119,033</b>	<b>7,814</b>	<b>2,292,989</b>	<b>15,667,833</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 9,257,834</b>	<b>\$ 3,841,242</b>	<b>\$ 3,723</b>	<b>\$ 34,207</b>	<b>\$ 2,333,974</b>	<b>\$ 15,470,980</b>

See accompanying notes to financial statements.

**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Year Ended December 31, 2011**

Net changes in fund balances - total governmental funds (196,853)

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

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	892,797
Depreciation Expense	(677,385)
Loss on Disposals	(18,902)

Increase in Other Post Employment Benefits (OPEB). (27,107)

Changes in net assets of governmental activities \$ (27,450)

**Statement of Net Assets  
Proprietary Funds  
December 31, 2011**

	Business-Type Activities - Enterprise Funds			
	Major			Total
	100% Tax Payment	Medical Care Facility	Non-Major Enterprise Funds	
<b>ASSETS:</b>				
Current Assets				
Cash and Investments - Unrestricted	\$ 8,782,668	\$ 6,051,621	\$ 601,202	\$ 15,435,491
Cash and Investments - Restricted	980,025	415,615	-	1,395,640
Receivables:				
Accounts	-	1,720,651	75,664	1,796,315
Taxes	-	1,675,894	-	1,675,894
Delinquent Taxes	1,839,345	-	-	1,839,345
Interest and Penalties	520,999	-	-	520,999
Due from Other Governments	-	-	262,349	262,349
Other Assets	-	312,500	-	312,500
Third Party Payor - Settlements	-	416,000	-	416,000
Prepaid Expense	-	97,181	2,805	99,986
Inventory	-	-	35,133	35,133
<b>Total Current Assets</b>	<b>12,123,037</b>	<b>10,689,462</b>	<b>977,153</b>	<b>23,789,652</b>
Noncurrent Assets				
Capital Assets, Net of Accumulated Depreciation	-	2,889,700	3,311,552	6,201,252
<b>TOTAL ASSETS</b>	<b>\$ 12,123,037</b>	<b>\$ 13,579,162</b>	<b>\$ 4,288,705</b>	<b>\$ 29,990,904</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 3,946	\$ 448,233	\$ 334,212	\$ 786,391
Accrued Liabilities	-	736,430	14,852	751,282
Deferred Revenue	-	1,675,276	-	1,675,276
<b>TOTAL LIABILITIES</b>	<b>3,946</b>	<b>2,859,939</b>	<b>349,064</b>	<b>3,212,949</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets	-	2,889,700	3,311,552	6,201,252
Restricted	980,025	415,615	-	1,395,640
Unrestricted	11,139,066	7,413,908	628,089	19,181,063
<b>TOTAL NET ASSETS</b>	<b>\$ 12,119,091</b>	<b>\$ 10,719,223</b>	<b>\$ 3,939,641</b>	<b>\$ 26,777,955</b>

**Statement of Revenues, Expenses, and  
Changes in Net Assets - Proprietary Funds  
For the Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Non-Major Enterprise Funds	
<b>OPERATING REVENUES:</b>				
Interest and Penalties on Taxes	\$ 426,286	\$ -	\$ -	\$ 426,286
Charges for Services	227,272	12,005,538	545,847	12,778,657
Sale of Properties at Tax Auction	136,955	-	-	136,955
Other Income	-	287,506	67,363	354,869
<b>TOTAL REVENUES</b>	<b>790,513</b>	<b>12,293,044</b>	<b>613,210</b>	<b>13,696,767</b>
<b>OPERATING EXPENSES:</b>				
Salaries, Wages, and Fringe Benefits	-	8,406,158	791,831	9,197,989
Depreciation	-	332,300	334,856	667,156
Other Expenses	367,019	3,484,733	589,041	4,440,793
<b>TOTAL EXPENSES</b>	<b>367,019</b>	<b>12,223,191</b>	<b>1,715,728</b>	<b>14,305,938</b>
<b>OPERATING INCOME (LOSS)</b>	<b>423,494</b>	<b>69,853</b>	<b>(1,102,518)</b>	<b>(609,171)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Earnings	24,120	19,534	1,460	45,114
Oil & Gas Royalties	-	-	2,852	2,852
Tax Levy	-	1,709,954	-	1,709,954
Restricted Donations/Income	-	4,800	-	4,800
Gain (Loss) on Sale of Assets	-	(7,735)	10,564	2,829
Federal Grants	-	-	831,963	831,963
State Grants	-	-	326,660	326,660
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>24,120</b>	<b>1,726,553</b>	<b>1,173,499</b>	<b>2,924,172</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>447,614</b>	<b>1,796,406</b>	<b>70,981</b>	<b>2,315,001</b>
<b>OPERATING TRANSFERS:</b>				
Operating Transfers In	-	-	412,553	412,553
Operating Transfers Out	(163,605)	-	(2,269)	(165,874)
<b>CHANGES IN NET ASSETS</b>	<b>284,009</b>	<b>1,796,406</b>	<b>481,265</b>	<b>2,561,680</b>
<b>NET ASSETS, JANUARY 1</b>	<b>11,835,082</b>	<b>8,922,817</b>	<b>3,458,376</b>	<b>24,216,275</b>
<b>NET ASSETS, DECEMBER 31</b>	<b>\$ 12,119,091</b>	<b>\$ 10,719,223</b>	<b>\$ 3,939,641</b>	<b>\$ 26,777,955</b>

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2011**

	Business-Type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Non-Major Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ -	\$ 11,113,156	\$ 359,932	\$ 11,473,088
Cash Received from Sale of Taxes on Auction	136,955	-	-	136,955
Cash Payments for Goods and Services	(369,392)	(11,680,059)	(305,635)	(12,355,086)
Cash Received from Penalties and Interest on Delinquent Taxes	814,400	-	-	814,400
Cash Received from Other Sources	-	287,506	-	287,506
Cash Payment to Employees for Services/Fringe Benefits	-	-	(788,007)	(788,007)
Cash Received for Delinquent Taxes	3,946,109	-	-	3,946,109
Cash Payments for Delinquent Taxes	(3,648,418)	-	-	(3,648,418)
Net Cash Provided (Used) by Operating Activities	<u>879,654</u>	<u>(279,397)</u>	<u>(733,710)</u>	<u>(133,453)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers from (to) Other Funds	(163,605)	-	410,284	246,679
Proceeds from County Tax Levy	-	1,711,358	-	1,711,358
Contributions Received	-	4,800	-	4,800
Operating Grants Received	-	-	410,964	410,964
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(163,605)</u>	<u>1,716,158</u>	<u>821,248</u>	<u>2,373,801</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of Capital Assets	-	(369,938)	(753,989)	(1,123,927)
Capital Acquisition Grants - Received in Cash	-	-	747,659	747,659
Proceeds from Sale of Property and Equipment	-	-	10,564	10,564
Loan Repayments from Other Funds	-	(312,500)	-	(312,500)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(682,438)</u>	<u>4,234</u>	<u>(667,640)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Earnings	24,120	19,534	1,460	45,114
Oil & Gas Royalties	-	-	2,852	2,852
Net Cash Provided (Used) by Investing Activities	<u>24,120</u>	<u>19,534</u>	<u>4,312</u>	<u>47,966</u>
Net Increase (Decrease) in Cash and Equivalents	740,169	773,857	96,084	1,620,674
Balances - Beginning of the Year	<u>9,022,524</u>	<u>5,693,379</u>	<u>505,118</u>	<u>15,221,021</u>
Balances - End of the Year	<u>\$ 9,762,693</u>	<u>\$ 6,467,236</u>	<u>\$ 601,202</u>	<u>\$ 16,831,131</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 423,494	\$ 69,853	\$ (1,102,518)	\$ (609,171)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	332,300	334,856	667,156
Provision for Bad Debt	-	141,256	-	141,256
Change in Assets and Liabilities:				
Accounts Receivable	-	(570,804)	(7,071)	(577,875)
Delinquent Taxes Receivable	297,691	-	-	297,691
Interest and Penalties Receivable	160,842	-	-	160,842
Due from Other Governments	-	-	(246,207)	(246,207)
Inventory	-	-	(3,998)	(3,998)
Other Assets	-	11,637	2,102	13,739
Accounts Payable	(2,373)	127,462	285,302	410,391
Accrued Liabilities	-	72,537	3,824	76,361
Deferred Revenue	-	(463,638)	-	(463,638)
Net Cash Provided (Used) by Operating Activities	<u>\$ 879,654</u>	<u>\$ (279,397)</u>	<u>\$ (733,710)</u>	<u>\$ (133,453)</u>

See accompanying notes to financial statements.

Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2011

	<u>Agency Funds</u>
ASSETS:	
Cash and Investments - Unrestricted	\$ 733,034
 TOTAL ASSETS	 <u>\$ 733,034</u>
LIABILITIES:	
Due to Governmental Units	\$ 354,554
Undistributed Tax Collections	338,462
Other Liabilities	<u>40,018</u>
 TOTAL LIABILITIES	 <u>\$ 733,034</u>

## **Notes to Financial Statements**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Antrim County was organized in 1863 and covers an area of approximately 475 square miles with the County seat located in Bellaire, Michigan. The County operates under an elected Board of Commissioners of nine (9) members and provides services, assistance and care to its more than 23,000 residents, primarily from the operations of its General Fund and Special Revenue Funds. The County's services, assistance and care includes the (1) general county departments, boards and commissions; (2) court system administration; (3) law enforcement and corrections; (4) assistance and/or institutional care to the aged, needy, wards of the court and neglected children, public and mental health recipients; (5) libraries, and (6) recreation.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles as applies to governmental 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.

**A – Reporting Entity:**

The accompanying financial statements present the County (primary government) and its component unit entity for which the government is considered to be financially accountable. The discretely presented component unit, on the other hand is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the County.

The Governmental Accounting Standards Board (GASB) Statement No. 14 “The Financial Reporting Entity” as amended by (GASB) Statement No. 39 and the State of Michigan Department of Treasury established criteria for governmental organizations to be considered to be part of the County for financial reporting purposes. The criteria included oversight responsibility, fiscal dependency and whether the statements would be misleading if data were not included.

The financial statements of certain governmental organizations are not included in the financial statements of the County. Education services which are provided to citizens through the several local school districts that are separate governmental entities.

**Discretely Presented Component Unit**

County Road Commission – The Antrim County Road Commission is considered a component unit of the County. It's financial statement is discretely presented in the County government-wide financial statements as required by accounting principles generally accepted in the United States of America revised under GASB 14 as amended by GASB 39. The Road Commission data is shown in the column and is discretely presented to emphasize that the Road Commission has its own board, appointed by the Board of Commissioners, and acts, under Michigan Statute as a separate board. Complete financial statements of the Road Commission Component Unit can be obtained directly from the Road Commission office at 319 East Lincoln St., Mancelona, Michigan 49659.

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

**Blended Component Units**

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

**Jointly Governed Organizations**

The North Country Community Mental Health Authority consists of the counties of Otsego, Emmet, Charlevoix, Cheboygan, Antrim and Kalkaska. Financial records for this Authority are maintained by the mental health authority and are audited separately from any of the member counties. A copy of a financial statements and audit report would be available at the Authority office located at 1 MacDonald Drive, Suite A, Petoskey, Michigan 49770.

The funding formula for the Community Mental Health operations is in accordance with an agreement approved by all of the member counties and the local contribution was frozen, by statute, at the amount contributed in the year 2002. For 2011, Antrim County’s local match was \$145,611. Their financial statements are not required, under GASB No. 39, to be included in the Antrim County report.

The Northwest Michigan Community Health Agency is a Michigan municipal body and an agency of Antrim, Charlevoix, Emmet and Otsego Counties created, under Act 368, Public Acts of 1978, to provide certain public health services to area residents. Two of the Board members consist of County Commissioners appointed by the County Board. Also, the facilities are located in Charlevoix County and the Health Agency cash is controlled by the County Treasurer.

The 86<sup>th</sup> District Court is comprised of Antrim, Grand Traverse and Leelanau Counties. The Court funding formula is based upon caseload. All of Antrim County’s expenses for the operation of the court are recorded in the general fund under the District Court caption.

**B – Government-Wide and Fund Financial Statements:**

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. After March 1<sup>st</sup> of the year for which they were levied, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable

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

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

Although the County of Antrim 2010 ad valorem tax is levied and collectible on December 1, 2010 and the 2011 ad valorem tax is levied and collectible on July 1, 2011, it is the County of Antrim's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be paid from the delinquent tax fund within one year.

The 2010 taxable valuation of Antrim County amounted to \$1,716,699,641 on which ad valorem taxes of .4000 mills for Commission on Aging and 1.0000 mills for Medical Care Facility were levied.

The 2010 current tax levied included \$683,547 for Commission on Aging and \$1,709,954 for Medical Care Facility. These taxes are recorded as revenue on County records in and for the year of 2011. The July 1, 2011 taxable valuation of the County of Antrim totaled \$1,671,107,297 on which ad valorem taxes levied consisted of 5.4000 mills for the General Fund. This amount is recognized as revenue in the General Fund in and for the year ending 2011.

The taxes receivable is recorded in the financial statements as taxes receivable-current, with an offsetting credit to deferred revenue based on the 2011 taxable valuation. Tax receivables are recorded in the General Fund for the summer taxes not collected at year end. The corresponding revenue is recorded as tax revenue.

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

The County reports the following major governmental funds:

**General Fund**

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

**Revenue Sharing Reserve Fund**

This fund was established by the State of Michigan during 2004 as a result of legislation that in effect shifted an obligation formerly funded by the State to the local taxpayers by levying taxes sooner and shifting the collection from winter to summer for County operating taxes.

**Services for Aged**

This fund accounts for the programs approved for senior citizens in Antrim County and includes the congregate and home delivered meal programs.

**Housing Project Income**

This fund was established to account for activity relating to the County's housing projects.

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

The County reports the following major proprietary funds:

**100% Tax Payment**

This Fund is used to pay each local governmental unit, including the County General Fund, the respective amount of taxes not collected as of March 1<sup>st</sup> of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

**Medical Care Facility**

This Fund is a 113 bed long-term medical care facility.

Additionally, the County reports the following fund types:

**Special Revenue Funds**

These funds are used to account for specific revenues derived primarily from sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

**Debt Service Funds**

These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Building Authority.

**Capital Project Funds**

These funds are used to account for the acquisition or construction of major capital facilities other than those financed by enterprise funds or special assessments.

**Enterprise Funds**

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

**Agency Funds**

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

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

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The government has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

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

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

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

**D - Assets, Liabilities, and Net Assets or Equity:**

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

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

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

Inventories and Prepaid Items Road Commission (Component Unit) – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements.

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

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying independent auditor’s report, which is the date the financial statements were available to be issued.

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

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

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	8 to 50 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

Long-Term Obligations – In the government-wide financial statements and the proprietary 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 assets. For new bond issuances after the implementation of GASB statement No. 34, material bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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 used is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Revenues – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities to the current period or for resources that have been received, but not yet earned.

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has no classified Inventories and Prepaid Items as being Nonspendable.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

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

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

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

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

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

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

- a. Each December, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1st and lapses on December 31st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to January 1st, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

Budgeted amounts are as originally adopted or amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations which were amended. The modified accrual basis of accounting is used for budgetary purposes.

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

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

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Investments – Unrestricted	\$ 10,854,238	\$ 15,435,491	\$ 26,289,729	\$ 733,034	\$ 1,279,993
Cash and Investments – Restricted	<u>3,841,242</u>	<u>1,395,640</u>	<u>5,236,882</u>	-	<u>117,835</u>
<b>Total</b>	<u>\$ 14,695,480</u>	<u>\$ 16,831,131</u>	<u>\$ 31,526,611</u>	<u>\$ 733,034</u>	<u>\$ 1,397,828</u>

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Investments	\$ 6,162,256	\$ -	\$ 117,835
Bank Deposits (checking and savings accounts, certificates of deposit)	25,360,626	733,034	1,279,793
Petty Cash and Cash on Hand	<u>3,729</u>	<u>-</u>	<u>200</u>
<b>Total</b>	<u>\$ 31,526,611</u>	<u>\$ 733,034</u>	<u>\$ 1,397,828</u>

	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>Ratings</u>	<u>%</u>
Investments:						
Money Markets	\$ 866,988	\$ 866,988	\$ -	\$ -	N/A	14%
Commercial Paper	2,242,795	2,242,795	-	-	AAA	36%
Variable Income	<u>3,052,473</u>	<u>-</u>	<u>-</u>	<u>3,052,473</u>	N/A	<u>50%</u>
<b>Total Investments</b>	<u>\$ 6,162,256</u>	<u>\$ 3,109,783</u>	<u>\$ -</u>	<u>\$ 3,052,473</u>		<u>100%</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Credit risk.* State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County's investments all meet State statutes.

*Interest rate risk.* The County has not adopted a policy that indicates how the County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

*Custodial deposit credit risk.* Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for custodial deposit credit risk. As of year end, \$26,207,672 of the County's bank balance of \$27,792,233 was exposed to credit risk because it was uninsured and uncollateralized. \$0 was uninsured and collateralized by the pledging financial institution.

*Concentration of credit risk.* The County has not adopted a policy that indicated how the County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

*Custodial credit risk.* The County has not adopted a policy that indicated how the County will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. Of the County's \$6,162,256 in investments all are in the name of the County. Credit quality ratings of public money funds were not available from the financial institutions or are unrated.

Statutory Authority:

Michigan Law (Public Act 20 of 1943 as amended) authorizes the County to deposit and invest in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution that is eligible to be a depository of funds belonging to the State under a law or rule of this State or the United States.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

- d. Repurchase agreements consisting of instruments listed in a.
- e. Banker's acceptance of United States banks.
- f. Obligations of this State or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, Title I of Chapter 686, 54 Stat. 789, 15 U.S.C. 80a-1 to 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- h. Obligations described in a. through g. if purchased through an interlocal agreement under the urban cooperations act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,172,082	\$ -	\$ -	\$ 11,172,082
<i>Capital assets being depreciated:</i>				
Buildings	8,731,609	648,326	(101,295)	9,278,640
Land Improvements	1,517,750	-	-	1,517,750
Machinery and Equipment	<u>4,178,080</u>	<u>244,471</u>	<u>(51,985)</u>	<u>4,370,566</u>
Subtotal	<u>14,427,439</u>	<u>892,797</u>	<u>(153,280)</u>	<u>15,166,956</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(3,707,372)	(254,518)	101,295	(3,860,595)
Land Improvements	(1,517,750)	-	-	(1,517,750)
Machinery and Equipment	<u>(2,297,974)</u>	<u>(422,867)</u>	<u>33,083</u>	<u>(2,687,758)</u>
Subtotal	<u>(7,523,096)</u>	<u>(677,385)</u>	<u>134,378</u>	<u>(8,066,103)</u>
Net Capital Assets Being Depreciated	<u>6,904,343</u>	<u>215,412</u>	<u>18,902</u>	<u>7,100,853</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 18,076,425</u>	<u>\$ 215,412</u>	<u>\$ 18,902</u>	<u>\$ 18,272,935</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

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

Governmental Activities:	
Judicial	\$ 36,928
General Government	170,195
Public Safety	296,768
Health and Welfare	57,797
Recreation and Culture	<u>115,697</u>
 Total Depreciation – Governmental Activities	 <u>\$ 677,385</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 303,163	\$ 33,091	\$ -	\$ 336,254
Construction in Progress	<u>952,419</u>	<u>215,757</u>	<u>-</u>	<u>1,168,176</u>
Subtotal	<u>1,255,582</u>	<u>248,848</u>	<u>-</u>	<u>1,504,430</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	250,558	-	(2,594)	247,964
Buildings	5,796,111	17,238	(1,496)	5,811,853
Furniture, Fixtures, & Equipment	4,851,445	351,299	(40,903)	5,161,841
Vehicles	<u>1,396,618</u>	<u>506,542</u>	<u>(298,105)</u>	<u>1,605,055</u>
Subtotal	<u>12,294,732</u>	<u>875,079</u>	<u>(343,098)</u>	<u>12,826,713</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(171,345)	(14,172)	2,594	(183,493)
Building	(4,171,603)	(208,176)	1,496	(4,378,283)
Furniture, Fixtures, & Equipment	(2,616,039)	(312,541)	33,168	(2,895,412)
Vehicles	<u>(839,111)</u>	<u>(131,697)</u>	<u>298,105</u>	<u>(672,703)</u>
Subtotal	<u>(7,798,098)</u>	<u>(667,156)</u>	<u>335,363</u>	<u>(8,129,891)</u>
Net Capital Assets Being Depreciated	<u>4,496,634</u>	<u>207,923</u>	<u>(7,735)</u>	<u>4,696,822</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 5,752,216</u>	<u>\$ 456,771</u>	<u>\$ (7,735)</u>	<u>\$ 6,201,252</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

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

Business-Type Activities:		
Medical Care Facility		\$ 332,300
Airport		161,559
Hydro Electric		24,288
Transportation		<u>149,009</u>
 Total Business-Type Activities		 <u>\$ 667,156</u>

A summary of changes in the Road Commission's capital assets are as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 58,250	\$ -	\$ -	\$ 58,250
Infrastructure and Land Improvements	<u>14,652,291</u>	<u>151,969</u>	<u>-</u>	<u>14,804,260</u>
Subtotal	<u>14,710,541</u>	<u>151,969</u>	<u>-</u>	<u>14,862,510</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,470,421	-	-	2,470,421
Road Equipment	5,740,288	305,568	(154,507)	5,891,349
Shop Equipment	159,579	3,002	-	162,581
Office Equipment	83,647	3,468	-	87,115
Engineer's Equipment	52,642	-	-	52,642
Yard and Storage Equipment	929,058	-	-	929,058
Infrastructure – Bridges	1,385,552	-	-	1,385,552
Infrastructure – Roads	<u>23,433,247</u>	<u>770,897</u>	<u>-</u>	<u>24,204,144</u>
Subtotal	<u>34,254,434</u>	<u>1,082,935</u>	<u>(154,507)</u>	<u>35,182,862</u>
<i>Less accumulated depreciation:</i>				
Building	(939,125)	(55,429)	-	(994,554)
Road Equipment	(5,125,078)	(210,796)	154,507	(5,181,367)
Shop Equipment	(127,643)	(6,639)	-	(134,282)
Office Equipment	(64,508)	(5,864)	-	(70,372)
Engineer's Equipment	(43,745)	(1,979)	-	(45,724)
Yard and Storage Equipment	(916,067)	(2,664)	-	(918,731)
Infrastructure – Bridges	(630,038)	(40,762)	-	(670,800)
Infrastructure – Roads	<u>(12,307,515)</u>	<u>(1,394,012)</u>	<u>-</u>	<u>(670,800)</u>
Subtotal	<u>(20,153,719)</u>	<u>(1,718,145)</u>	<u>154,507</u>	<u>(21,717,357)</u>
Net Capital Assets Being Depreciated	<u>14,100,715</u>	<u>(635,210)</u>	<u>-</u>	<u>13,465,505</u>
Total Net Capital Assets	<u>\$ 28,811,256</u>	<u>\$ (483,241)</u>	<u>\$ -</u>	<u>\$ 28,328,015</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

Depreciation expense was charged to operations as follows:

Primary Roads	\$ 668,967
Local Roads	765,807
Equipment	275,528
Administration	<u>7,843</u>
Total	<u>\$ 1,718,145</u>

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

**Interfund Transfers**

		TRANSFERS OUT						
TRANSFERS IN		General Funds	Revenue Sharing Reserve	Housing Project Income	Nonmajor Governmental	100% Tax Payment	Nonmajor Enterprise	Total
	General Funds	\$ 458,983	\$ 450,704	\$ -	\$ 26,739	\$ 163,605	\$ -	\$ 1,100,031
Nonmajor Governmental	245,500	-	60,294	12,931	-	2,269	320,994	
Nonmajor Enterprise	<u>412,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>412,553</u>	
Total	<u>\$ 1,117,036</u>	<u>\$ 450,704</u>	<u>\$ 60,294</u>	<u>\$ 39,670</u>	<u>\$ 163,605</u>	<u>\$ 2,269</u>	<u>\$ 1,833,578</u>	

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

**NOTE 6 - LONG-TERM DEBT**

Following is a summary of pertinent information concerning the County’s long-term debt:

Business-Type Activity – 100% Tax Payment Fund

Description – Enterprise – 100% Tax Payment Fund general obligation tax notes are issued by the County to purchase delinquent taxes and special assessments except taxes on personal property, due and payable to the taxing units in the County. No borrowing occurred during 2011. The Tax Payment Fund self funded the tax payoff.

*Component Unit*

The long-term debt of the Road Commission is summarized as follows:

	<u>Balance</u> <u>01/01/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/11</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
General Obligation:					
Compensated Absences	\$ 178,497	\$ -	\$ (38,289)	\$ 140,708	\$ -
Post Employment Health Care (OPEB)	<u>138,675</u>	<u>35,178</u>	<u>-</u>	<u>173,853</u>	<u>-</u>
Total	<u>\$ 317,172</u>	<u>\$ 35,178</u>	<u>\$ (38,289)</u>	<u>\$ 314,061</u>	<u>\$ -</u>

Compensated absences are for accumulated personal, sick and vacation days. At December 31, 2011 the total accumulated liability was \$140,708.

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS**

*Primary Government*

Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement and service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The service requirement for General Non-Union, Sheriff Non-Union, and Elected Officials is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% times the final average compensation (FAC). The service requirement for General-Local 214 is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% of (FAC), with a maximum benefit of 80% of FAC. The service requirement for Elected and Appointed Supervisors, and the Sheriff-Union is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% of (FAC), with a maximum benefit of 80% of FAC. The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2010.

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

MERS was organized pursuant to Section 12a of Public Act 156 of 1851; MCL 46.12 (a), as amended, State of Michigan. MERS is regulated under Public Act 427 of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

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

The contribution rate as a percentage of payroll at December 31, 2011 is as follows:

General	12.36%
Sheriff	12.49%
Dial-a-Ride	13.14%

Annual Pension Cost

During the calendar year ended December 31, 2011, the County’s contributions totaled \$641,227 and the employee contributions totaled \$0; these contributions are made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2010, and personnel agreement. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 28 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his project benefit. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 987,132	100%	0
2010	1,024,032	100%	0
2011	641,227	100%	0

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

*Road Commission – Component Unit*

Description of Plan and Plan Assets

The Antrim County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee’s Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits in the most efficient and effective manner possible. As such, MERS is a non-profit entity qualified under section 401 (a) of the Internal Revenue Code, which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the payers and the public employees who are its beneficiaries.

The passage of HB-5525/Act No. 220, with enactment on May 28, 1996, allowed the members of MERS to vote on and determine if MERS should become an independent public corporation. The vote resulted in approval to become independent of State control and MERS began to operate as an independent public corporation effective August 15, 1996. MERS issues a financial report available to the public that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 49817. The most recent report for which actuarial data was available was for the fiscal year ended December 31, 2010.

All full-time County Road union and administrative employees are eligible to participated in the system. Benefits vest after ten years of service. Union employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member’s 5-year final average compensation per year of service. Administrative employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member’s 3-year final average compensation per year of service. In addition, both union and administrative employees with 30 years of service can elect to retire at age 55. The system also provides death and disability benefits that are established by State Statute.

Participating County Road employees are not required to contribute to the system. The County Road is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement system using the actuarial basis specified by statute.

Contributions Required and Contributions Made

MERS funding policy provide for periodic employer contributions are actuarially determined rates that, expressed as percentage of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2010 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 28 years. The following table provides a schedule of contribution amounts and percentages for recent years.

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Actuarial Accrued Liability

The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 2010. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (b) projected salary increase of 0.0% to 4.2% per year compounded annually, attributable to inflation, and on age, attributable to seniority/merit and the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods and assumptions that were used in the December 31, 2011 actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method used to determine the entries at disclosure.

The Road Commission was required to contribute \$410,124 for the year ended December 31, 2011. Payments were based on contribution calculation made by MERS.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	\$ 367,248	100%	0
2010	410,124	100%	0
2011	420,276	100%	0

**NOTE 8 - DEFERRED COMPENSATION PLAN**

Antrim County and its component unit – Road Commission offer its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all County employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

In the past, the County was custodian of the assets in the plan and recorded the plan’s activity in accordance with GASB requirements in the financial statements. In 1999, GASB Statement 32 was implemented and custodianship of the plan was transferred to an independent third party. Balances for deferred compensation are no longer reported in the financial statements.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*Primary Government*

Plan Description

The County provides post retirement health care benefits to all sheriff department employees who retire from the County and are eligible to retire under the County’s retirement plan. The County will contribute \$200 per month toward the retiree and/or surviving spouse’s health insurance for a period of ten years, or until eligible for Medicare, whichever occurs first.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB) - Continued)**

*Annual OPEB Cost and Net OPEB Obligation.* The County’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County’s net OPEB obligation to the Plan:

Normal Cost Component	
Normal Cost	\$ 20,045
Interest	<u>1,102</u>
Total Normal Costs	<u>21,147</u>
Amortization Component	
Actuarial Accrued Liability	272,090
Less: Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	272,090
Divided by PV Factor	<u>19,1879</u>
Amortization Payment	14,180
Interest	<u>780</u>
Total Amortization Payment	<u>14,960</u>
Annual Required Contribution	<u>\$ 36,107</u>
Annual Cost for OPEB	
Annual Required Contribution	<u>\$ 36,107</u>
Annual OPEB Cost	36,107
Contributions Made – Current Year	<u>(9,000)</u>
Increase in Net OPEB Obligation	27,107
Net OPEB Obligation Beginning of Year	<u>69,248</u>
Net OPEB Obligation End of Year	<u>\$ 96,355</u>

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS(OPEB) (Continued)**

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2009, 2010 and 2011 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 37,241	41.9%	\$ 42,082
2010	37,241	27.1%	69,298
2011	36,107	24.9%	96,355

*Funding Policy, Funded Status, and Funding Progress.* The County contributes \$200 per month toward the retiree and/or surviving spouses health insurance for a period of ten years, or until eligible for Medicare, whichever occurs first. For fiscal year 2011 the County contributed \$9,000 to the Plan.

As of December 31, 2007, the actuarial accrued liability for benefits was \$313,704 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was not available, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was unable to be calculated.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer’s annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits.

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

*Assumptions About Employees and Members:* Based on the historical average retirement age of the covered group, active plan members were assumed to retire at age 55 and with 20 years of service or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published by the National Center for Health Statistics. The probability of remaining employed until the assumed retirement age and employees’ expected future working lifetimes were developed using non-group-specific age-based turnover data from GASB Statement No. 45.

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS(OPEB) (Continued)**

*Assumptions About Healthcare Costs:* The 2011 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums was not a factor because the plan is set at a \$200 per month payment.

*Other Assumptions and Methods:* A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

***Road Commission – Component Unit***

Effective for the 2008 calendar year, the Road Commission implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions, for certain health care reimbursements provided by the County to retired employees. The requirements of the statement are implemented prospectively, using the alternative calculation provision of the statement for employers with less than 100 employees in the plan with accrued liability for benefits amortized over future years. No liability is reported at the transition date. The Road Commission currently is not advance funding the liability. It is funding only the required current amount based on a pay-as-you go policy.

The following table shows the Commission’s annual OPEB cost and calculation of the Annual Required Contribution:

Normal Cost Component	
Normal Cost	\$ 57,796
Interest	<u>3,179</u>
Total Normal Costs	<u>60,975</u>
Amortization Component	
Actuarial Accrued Liability	978,361
Less: Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	978361
Divided by PV Factor	<u>22.4707</u>
Amortization Payment	43,539
Interest	<u>2,395</u>
Total Amortization Payment	<u>45,934</u>
Annual Required Contribution	<u>\$ 106,909</u>

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS(OPEB) (Continued)**

Annual Cost for OPEB	
Annual Required Contribution	\$ 106,909
Annual OPEB Cost	106,909
Contributions Made – Current Year	<u>(71,731)</u>
Increase in Net OPEB Obligation	35,178
Net OPEB Obligation Beginning of Year	<u>138,675</u>
Net OPEB Obligation End of Year	<u>\$ 173,853</u>

Plan Description

The Road Commission provides post retirement health care benefits to all employees who retire from the Road Commission. Any employee retiring after July 1, 1989, who had completed at least ten years of service and was eligible for retirement has \$150 per month contributed towards the employee and spouse coverage. Effective for retirees retiring after July 1, 1999, the Commission contribution will be \$200 per month and effective July 1, 2003, \$250 per month. At age 65 those receiving \$250 per month changes to \$200 per month for the remainder of their life. There were 28 retirees receiving benefits with an approximate annual cost of \$71,731. There were 33 active employees at December 31, 2011.

**NOTE 10 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS**

Primary Government

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. The following is a summary of these self-insurance programs and risk management pool participation.

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage, and property damage coverages. The MMRMA was established in January 1980, pursuant to laws of the State of Michigan, which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the Authority is to provide cooperative and comprehensive risk financing and risk control services. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

**NOTE 10 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS (Continued)**

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the general fund using premiums paid into it by other funds of the government. Such contributions are 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. The County is a State pool member and has deductibles that differ for each type of coverage.

Workers' Compensation

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for workers' disability compensation and employers' liability is guaranteed by the fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611, Paragraph (2) of the Workers' Disability Compensation Act of 1969, as amended.

At December 31, 2011 there were no claims that exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

Antrim County Transportation

This enterprise fund is covered under the County policies for all risk except that are associated with the vehicle fleet. That risk is covered by membership in the Michigan Transit Pool which is an insurance pool established pursuant to the laws of the State of Michigan.

Meadow Brook Medical Care Facility

The Facility is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Facility has purchased commercial insurance workers' compensation claims, and participates in the County's insurance plan with the Michigan Municipal Risk Management risk pool for claims relating to general and auto liability, including malpractice, auto physical damage and property loss claims.

The Michigan Municipal Risk Management Authority risk pool program operates as a claims servicing pool for amounts up to member retention limits, and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums paid annually to the Authority are used to pay claims up to the retention limits, the ultimate liability for those claims remains with the County.

Component Unit – Road Commission

Antrim County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (interlocal agreements) to form group self-insurance pools.

**NOTE 10 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS (Continued)**

The Pool was established for the purpose of making a self-insurance pooling program available that includes, but is not limited to, general liability coverage, vehicle liability coverages, claims administration, and risk management, and loss control services pursuant to Public Act 138 of 1982.

The Antrim County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, vehicle and equipment liability, bodily injury, property damage and personal injury liability. The Pool provides that the Fund will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board of Directors.

The Road Commission is also self-insured for workers' compensation and is a member of the County Road Association Self-Insurance Fund.

**NOTE 11 - SUBSEQUENT EVENTS**

In January of 2012, subsequent to the fiscal year end of the County but prior to issuance of the financial statements, the County purchased three patrol cars for the Sheriff's Department totaling \$100,200. The County also approved a project for a narrow broad band internet project for the 911 service in the amount of \$350,000. The Meadow Brook Medical Care Facility, a Proprietary Fund of the County, accepted bids for the construction of the project, and passed a bond resolution in the amount of \$13,600,000 in the name of Antrim County.

**NOTE 12 - EXCESS EXPENDITURES OVER APPROPRIATIONS**

Public Act 2 of 1968, as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures were in excess of amounts appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Services for Aged: Health and Welfare	\$ 1,155,668	\$ 1,188,640	\$ (32,972)

## **Required Supplementary Information**

---

**Pension:**

***Primary Government***

Three year trend information as of December 31st is as follows:

	2008	2009	2010
Actuarial Value of Assets	\$ 22,548,676	\$ 23,829,090	\$ 25,204,532
Actuarial Accrued Liability	27,627,637	28,062,295	29,723,527
Unfunded AAL	5,078,961	4,233,205	4,518,995
Funded Ratio	82%	85%	85%
Covered Payroll	11,017,558	11,334,209	11,407,938
UAAL as a Percentage of Covered Payroll	46%	37%	40%

***Road Commission – Component Unit***

	2008	2009	2010
Actuarial Value of Assets	\$ 6,473,232	\$ 6,328,466	\$ 6,379,544
Actuarial Accrued Liability	11,459,055	11,404,567	11,631,035
Unfunded AAL	4,985,823	5,076,101	5,251,491
Funded Ratio	56%	55%	55%
Covered Payroll	1,436,392	1,474,209	1,479,712
UAAL as a Percentage of Covered Payroll	347%	344%	355%

**Health Plan:**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)
--------------------------------	--	--	--------------------------------------	----------------------------	---------------------------	--

***Primary Government***

2007	\$	-	\$ 313,704	\$ 313,704	0.0%	Not Available	-
2010	\$	-	\$ 272,090	\$ 272,090	0.0%	Not Available	-

***Road Commission***

2008	\$	-	\$ 935,525	\$ 935,525	0.0%	Not Available	-
------	----	---	------------	------------	------	---------------	---

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and Penalties	\$ 10,477,378	\$ 10,559,578	\$ 9,048,058	\$ (1,511,520)
Licenses and Permits	151,850	166,670	164,039	(2,631)
Federal Grants	95,650	105,650	60,751	(44,899)
State Grants	783,966	876,898	695,147	(181,751)
Charges for Services	1,100,385	1,245,463	1,145,392	(100,071)
Fines & Forfeits	3,000	3,000	1,838	(1,162)
Interest & Rentals	246,717	268,362	253,434	(14,928)
Other Revenues	386,333	576,755	492,810	(83,945)
<b>TOTAL REVENUES</b>	<b>13,245,279</b>	<b>13,802,376</b>	<b>11,861,469</b>	<b>(1,940,907)</b>
<b>EXPENDITURES:</b>				
<b>Legislative:</b>				
Board of Commissioners	158,850	179,944	168,020	11,924
<b>Judicial:</b>				
Circuit Court	407,979	407,979	319,532	88,447
Family Court	501,636	495,236	427,337	67,899
Family Court Detention Service	25,675	25,675	18,953	6,722
Circuit Court Probation	4,000	4,000	1,806	2,194
District Court	593,017	636,017	536,049	99,968
Friend of the Court	105,000	105,000	103,553	1,447
Probate Court	235,554	250,284	232,821	17,463
Jury Commission	8,500	8,500	4,955	3,545
Insurance	75,187	75,187	71,738	3,449
Fringe Benefits	188,225	193,771	146,011	47,760
<b>Total Judicial</b>	<b>2,144,773</b>	<b>2,201,649</b>	<b>1,862,755</b>	<b>338,894</b>
<b>General Government:</b>				
County Administrator	-	94,805	93,453	1,352
Accountant	-	19,971	11,925	8,046
Budget	63,696	64,397	45,078	19,319
Clerk	250,310	296,763	288,780	7,983
Communications Department	145,800	145,800	95,675	50,125
Computer	196,085	203,545	131,333	72,212
Purchasing	49,870	53,209	38,605	14,604
Treasurer	213,419	229,609	214,779	14,830
Equalization	218,200	239,334	230,352	8,982
MSU Extension	130,127	142,677	117,181	25,496
Elections	29,550	35,550	36,756	(1,206)
Grove Street Anex	16,000	15,550	12,137	3,413
Courthouse	97,691	108,843	96,032	12,811
County Building and Grounds	382,831	422,714	379,195	43,519
Prosecuting Attorney	379,046	415,197	393,840	21,357
Register of Deeds	151,342	178,241	174,558	3,683
Microfilm	19,550	22,050	11,489	10,561
Plat Board	250	250	-	250
Victims' Rights	61,939	61,939	37,949	23,990
Prosecuting Attorney Child Support IVD	71,705	73,705	54,297	19,408
Drain Commissioner	11,935	19,030	15,763	3,267
Abstract	101,694	115,969	104,090	11,879
Survey and Remonumentation	31,000	36,451	34,213	2,238
Apportionment Commission	2,750	2,750	2,411	339
Insurance	119,731	119,731	114,239	5,492
Fringe Benefits	769,601	792,279	596,999	195,280
Other	935,930	989,179	413,769	575,410
<b>Total General Government</b>	<b>4,450,052</b>	<b>4,899,538</b>	<b>3,744,898</b>	<b>1,154,640</b>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	2,022,083	2,237,933	2,123,693	114,240
Marine Safety	118,373	133,401	129,037	4,364
Secondary Road Patrol	176,490	178,090	183,143	(5,053)
Jail	403,517	427,747	370,942	56,805
Emergency Services	61,478	60,803	48,496	12,307
Gun Board	1,100	1,100	85	1,015
Animal Control	140,591	152,101	142,949	9,152
Insurance	137,011	137,011	130,726	6,285
Fringe Benefits	991,659	1,020,881	769,255	251,626
Other	27,150	27,150	27,150	-
Total Public Safety	4,079,452	4,376,217	3,925,476	450,741
Public Works:				
Dams	7,463	7,613	906	6,707
Total Public Works	7,463	7,613	906	6,707
Health & Welfare:				
Health Department/Mental Health/Medical Examiner	479,994	530,001	501,841	28,160
Agency on Aging	6,711	7,249	7,109	140
Welfare	11,520	15,695	6,132	9,563
Housing	92,716	97,021	91,058	5,963
Veterans' Affairs	34,925	47,582	42,681	4,901
Insurance	29,645	29,645	28,285	1,360
Other	354,300	424,300	362,441	61,859
Fringe Benefits	39,615	40,783	30,730	10,053
Total Health and Welfare	1,049,426	1,192,276	1,070,277	121,999
Community and Economic Development:				
Resource Recovery	23,650	23,750	21,692	2,058
Planning Commission	9,650	9,700	8,816	884
Planner/Coordinator	204,469	139,357	131,729	7,628
EDC	7,585	7,635	1,092	6,543
Insurance	7,450	7,450	7,108	342
Fringe Benefits	58,887	60,622	45,680	14,942
Other	58,291	58,291	58,291	-
Total Community and Economic Development	369,982	306,805	274,408	32,397
Recreation and Culture				
Parks Commission	5,650	5,665	850	4,815
Parks	228,412	232,854	215,869	16,985
Parks - Antrim Creek	18,100	18,100	6,520	11,580
Insurance	8,832	8,832	8,427	405
Fringe Benefits	55,889	57,536	43,355	14,181
Other	6,012	8,012	7,494	518
Total Recreation and Culture	322,895	330,999	282,515	48,484
Capital Outlay	80,000	279,103	213,426	65,677
TOTAL EXPENDITURES	12,662,893	13,774,144	11,542,681	2,231,463
EXCESS OF REVENUES OVER EXPENDITURES	582,386	28,232	318,788	290,556

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	975,027	1,122,836	1,100,031	(22,805)
Operating Transfers Out	<u>(1,316,213)</u>	<u>(1,323,752)</u>	<u>(1,117,036)</u>	<u>206,716</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ 241,200</u>	<u>\$ (172,684)</u>	301,783	<u>\$ 474,467</u>
 FUND BALANCES, JANUARY 1			<u>8,956,051</u>	
 FUND BALANCES, DECEMBER 31			<u>\$ 9,257,834</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Revenue Sharing Reserve Fund  
For the Year Ended December 31, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	<u>(445,000)</u>	<u>(452,477)</u>	<u>(450,704)</u>	<u>1,773</u>
 EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	 <u>\$ (445,000)</u>	 <u>\$ (452,477)</u>	 (450,704)	 <u>\$ 1,773</u>
 FUND BALANCE, JANUARY 1			 <u>4,291,946</u>	
 FUND BALANCE, DECEMBER 31			 <u>\$ 3,841,242</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Services for Aged  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 692,124	\$ 677,124	\$ 683,547	\$ 6,423
Federal Sources	73,695	73,695	68,811	(4,884)
State Sources	50,749	50,749	117,482	66,733
Charges for Services	197,000	246,465	228,400	(18,065)
Interest and Rentals	3,000	5,495	5,935	440
Other Revenues	1,620	1,620	200	(1,420)
<b>TOTAL REVENUES</b>	<b>1,018,188</b>	<b>1,055,148</b>	<b>1,104,375</b>	<b>49,227</b>
EXPENDITURES:				
Health & Welfare	1,076,819	1,155,668	1,188,640	(32,972)
Capital Outlay	65,300	50,500	31,045	19,455
<b>TOTAL EXPENDITURES</b>	<b>1,142,119</b>	<b>1,206,168</b>	<b>1,219,685</b>	<b>(13,517)</b>
<b>EXCESS OF REVENUES (EXPENDITURES)</b>	<b>\$ (123,931)</b>	<b>\$ (151,020)</b>	<b>(115,310)</b>	<b>\$ 35,710</b>
FUND BALANCE, JANUARY 1			119,033	
FUND BALANCE, DECEMBER 31			<b>\$ 3,723</b>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Housing Project Income  
For the Year Ended December 31, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest and Rentals	\$ 4,530	\$ 6,025	\$ 6,604	\$ 579
Other Revenues	25,000	63,800	80,083	16,283
TOTAL REVENUES	29,530	69,825	86,687	16,862
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(30,000)	(61,100)	(60,294)	806
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (470)	\$ 8,725	26,393	\$ 17,668
FUND BALANCE, JANUARY 1			7,814	
FUND BALANCE, DECEMBER 31			\$ 34,207	

## **Other Supplementary Information**

---

**County of Antrim, Michigan**

**Combining Balance Sheet  
General Funds  
December 31, 2011**

	General	Solid Waste Reserve	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal
<b>ASSETS:</b>								
Cash & Investments	\$ 5,802,364	\$ -	\$ 109,182	\$ 714,576	\$ 116,240	\$ 56,307	\$ 260,013	\$ 137
Receivables:								
Taxes	738,260	-	-	-	-	-	-	-
Accounts	29,807	-	-	-	-	-	-	-
Due From Other Governmental Units	227,152	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,797,583</b>	<b>\$ -</b>	<b>\$ 109,182</b>	<b>\$ 714,576</b>	<b>\$ 116,240</b>	<b>\$ 56,307</b>	<b>\$ 260,013</b>	<b>\$ 137</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 316,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	110,729	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>427,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	137
Assigned	-	-	109,182	714,576	116,240	56,307	260,013	-
Unassigned	6,370,082	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>6,370,082</b>	<b>-</b>	<b>109,182</b>	<b>714,576</b>	<b>116,240</b>	<b>56,307</b>	<b>260,013</b>	<b>137</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 6,797,583</b>	<b>\$ -</b>	<b>\$ 109,182</b>	<b>\$ 714,576</b>	<b>\$ 116,240</b>	<b>\$ 56,307</b>	<b>\$ 260,013</b>	<b>\$ 137</b>

	Information Technology Transition	Grass River	County-Wide Recycling	Park River Raiser	GIS Implementation	EDC Revolving	Budget Stabilization	Clean Lakes Grant
<b>ASSETS:</b>								
Cash & Investments	\$ 172,293	\$ 49,025	\$ 133,862	\$ 2,990	\$ 27,354	\$ -	\$ 661,067	\$ 7,724
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 172,293</b>	<b>\$ 49,025</b>	<b>\$ 133,862</b>	<b>\$ 2,990</b>	<b>\$ 27,354</b>	<b>\$ -</b>	<b>\$ 661,067</b>	<b>\$ 7,724</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 36,500	\$ 9	\$ 65,897	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>36,500</b>	<b>9</b>	<b>65,897</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Restricted	-	-	-	-	-	-	-	-
Committed	-	49,016	67,965	-	-	-	-	-
Assigned	135,793	-	-	2,990	27,354	-	661,067	7,724
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>135,793</b>	<b>49,016</b>	<b>67,965</b>	<b>2,990</b>	<b>27,354</b>	<b>-</b>	<b>661,067</b>	<b>7,724</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 172,293</b>	<b>\$ 49,025</b>	<b>\$ 133,862</b>	<b>\$ 2,990</b>	<b>\$ 27,354</b>	<b>\$ -</b>	<b>\$ 661,067</b>	<b>\$ 7,724</b>

	Soldier's Relief	Self-Insured Reserve	Capital Project		Totals
			Elk Rapids Fish Park	Building & Structures	
<b>ASSETS:</b>					
Cash & Investments	\$ 7,531	\$ 277,567	\$ -	\$ 394,290	\$ 8,792,522
Receivables:					
Taxes	-	-	-	-	738,260
Accounts	-	-	-	-	29,807
Due From Other Governmental Units	-	-	-	-	227,152
<b>TOTAL ASSETS</b>	<u>\$ 7,531</u>	<u>\$ 277,567</u>	<u>\$ -</u>	<u>\$ 394,290</u>	<u>\$ 9,787,741</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 419,178
Due to Other Governmental Units	-	-	-	-	110,729
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>529,907</u>
<b>FUND BALANCES:</b>					
Restricted	-	-	-	394,290	394,290
Committed	-	-	-	-	117,118
Assigned	7,531	277,567	-	-	2,376,344
Unassigned	-	-	-	-	6,370,082
<b>TOTAL FUND BALANCES</b>	<u>7,531</u>	<u>277,567</u>	<u>-</u>	<u>394,290</u>	<u>9,257,834</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,531</u>	<u>\$ 277,567</u>	<u>\$ -</u>	<u>\$ 394,290</u>	<u>\$ 9,787,741</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
General Funds  
For the Year Ended December 31, 2011**

	General	Solid Waste Reserve	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal
<b>REVENUES:</b>								
Taxes	\$ 9,048,058	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	164,039	-	-	-	-	-	-	-
Federal Sources	60,751	-	-	-	-	-	-	-
State Sources	695,147	-	-	-	-	-	-	-
Charges for Services	1,140,848	-	-	-	-	-	-	-
Fines and Forfeitures	1,838	-	-	-	-	-	-	-
Interest and Rents	245,452	42	296	1,900	286	150	479	2
Other Revenue	430,002	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>11,786,135</b>	<b>42</b>	<b>296</b>	<b>1,900</b>	<b>286</b>	<b>150</b>	<b>479</b>	<b>2</b>
<b>EXPENDITURES:</b>								
Legislative	168,020	-	-	-	-	-	-	-
Judicial	1,862,755	-	-	-	-	-	-	-
General Government	3,549,089	-	-	-	-	-	-	1,000
Public Safety	3,925,476	-	-	-	-	-	-	-
Public Works	906	-	-	-	-	-	-	-
Health and Welfare	707,836	-	-	-	-	-	-	-
Community/Economic Development	274,408	-	-	-	-	-	-	-
Recreation and Cultural	280,308	-	-	-	-	-	-	-
Capital Outlay	52,048	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>10,820,846</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>965,289</b>	<b>42</b>	<b>296</b>	<b>1,900</b>	<b>286</b>	<b>150</b>	<b>479</b>	<b>(998)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	415,370	-	-	-	8,556	-	-	-
Operating Transfers Out	(1,071,903)	(22,080)	(11,500)	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>308,756</b>	<b>(22,038)</b>	<b>(11,204)</b>	<b>1,900</b>	<b>8,842</b>	<b>150</b>	<b>479</b>	<b>(998)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>6,061,326</b>	<b>22,038</b>	<b>120,386</b>	<b>712,676</b>	<b>107,398</b>	<b>56,157</b>	<b>259,534</b>	<b>1,135</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 6,370,082</b>	<b>\$ -</b>	<b>\$ 109,182</b>	<b>\$ 714,576</b>	<b>\$ 116,240</b>	<b>\$ 56,307</b>	<b>\$ 260,013</b>	<b>\$ 137</b>

# County of Antrim, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances General Funds For the Year Ended December 31, 2011

	Information Technology Transition	Grass River	County-Wide Recycling	Park River Raiser	GIS Implementation	EDC Revolving	Budget Stabilization	Clean Lakes Grant Fund
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	4,544	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-
Interest and Rents	326	202	543	6	72	8	1,758	20
Other Revenue	-	37,068	-	2,949	-	-	-	-
<b>TOTAL REVENUES</b>	<b>326</b>	<b>37,270</b>	<b>543</b>	<b>2,955</b>	<b>4,616</b>	<b>8</b>	<b>1,758</b>	<b>20</b>
<b>EXPENDITURES:</b>								
Legislative	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
General Government	30,328	107,698	-	-	2,882	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	308,791	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Cultural	-	-	-	2,207	-	-	-	-
Capital Outlay	161,378	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>191,706</b>	<b>107,698</b>	<b>308,791</b>	<b>2,207</b>	<b>2,882</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(191,380)</b>	<b>(70,428)</b>	<b>(308,248)</b>	<b>748</b>	<b>1,734</b>	<b>8</b>	<b>1,758</b>	<b>20</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	262,255	68,850	295,000	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	(2,997)	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>70,875</b>	<b>(1,578)</b>	<b>(13,248)</b>	<b>748</b>	<b>1,734</b>	<b>(2,989)</b>	<b>1,758</b>	<b>20</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>64,918</b>	<b>50,594</b>	<b>81,213</b>	<b>2,242</b>	<b>25,620</b>	<b>2,989</b>	<b>659,309</b>	<b>7,704</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 135,793</b>	<b>\$ 49,016</b>	<b>\$ 67,965</b>	<b>\$ 2,990</b>	<b>\$ 27,354</b>	<b>\$ -</b>	<b>\$ 661,067</b>	<b>\$ 7,724</b>

# County of Antrim, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances General Funds For the Year Ended December 31, 2011

	Soldier's Relief	Self-Insured Reserve	Capital Project		Totals
			Elk Rapids Fish Park	Buildings & Structures	
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 9,048,058
Licenses and Permits	-	-	-	-	164,039
Federal Sources	-	-	-	-	60,751
State Sources	-	-	-	-	695,147
Charges for Services	-	-	-	-	1,145,392
Fines and Forfeitures	-	-	-	-	1,838
Interest Income	-	738	23	1,131	253,434
Other Revenue	-	-	-	22,791	492,810
<b>TOTAL REVENUES</b>	<b>-</b>	<b>738</b>	<b>23</b>	<b>23,922</b>	<b>11,861,469</b>
<b>EXPENDITURES:</b>					
Legislative	-	-	-	-	168,020
Judicial	-	-	-	-	1,862,755
General Government	-	-	-	53,901	3,744,898
Public Safety	-	-	-	-	3,925,476
Capital Outlay	-	-	-	-	906
Health and Welfare	53,650	-	-	-	1,070,277
Community/Economic Development	-	-	-	-	274,408
Recreation and Cultural	-	-	-	-	282,515
Capital Outlay	-	-	-	-	213,426
<b>TOTAL EXPENDITURES</b>	<b>53,650</b>	<b>-</b>	<b>-</b>	<b>53,901</b>	<b>11,542,681</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(53,650)</b>	<b>738</b>	<b>23</b>	<b>(29,979)</b>	<b>318,788</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating Transfers In	50,000	-	-	-	1,100,031
Operating Transfers Out	-	-	(8,556)	-	(1,117,036)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(3,650)</b>	<b>738</b>	<b>(8,533)</b>	<b>(29,979)</b>	<b>301,783</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>11,181</b>	<b>276,829</b>	<b>8,533</b>	<b>424,269</b>	<b>8,956,051</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 7,531</b>	<b>\$ 277,567</b>	<b>\$ -</b>	<b>\$ 394,290</b>	<b>\$ 9,257,834</b>

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 8,304	\$ 384,077	\$ 10	\$ 22,544	\$ 7,668	\$ 183,140	\$ 2,775	\$ 51,720
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 8,304</u>	<u>\$ 384,077</u>	<u>\$ 10</u>	<u>\$ 22,544</u>	<u>\$ 7,668</u>	<u>\$ 183,140</u>	<u>\$ 2,775</u>	<u>\$ 51,720</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	1,000	-	-
<b>TOTAL LIABILITIES</b>	-	-	-	-	-	1,000	-	-
<b>FUND BALANCE:</b>								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	51,720
Assigned	8,304	384,077	10	22,544	7,668	182,140	2,775	-
<b>TOTAL FUND BALANCES</b>	<u>8,304</u>	<u>384,077</u>	<u>10</u>	<u>22,544</u>	<u>7,668</u>	<u>182,140</u>	<u>2,775</u>	<u>51,720</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 8,304</u>	<u>\$ 384,077</u>	<u>\$ 10</u>	<u>\$ 22,544</u>	<u>\$ 7,668</u>	<u>\$ 183,140</u>	<u>\$ 2,775</u>	<u>\$ 51,720</u>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

Special Revenue Funds

	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Operating	E-911 Wireless
<b>ASSETS:</b>								
Cash and Equivalents	\$ 19,823	\$ 98,465	\$ 13,239	\$ -	\$ 38,484	\$ 15,343	\$ 273,763	\$ 315,780
Receivables:								
Accounts	-	-	-	-	-	-	133,723	-
Mortgages	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	36,314
<b>TOTAL ASSETS</b>	<b>\$ 19,823</b>	<b>\$ 98,465</b>	<b>\$ 13,239</b>	<b>\$ -</b>	<b>\$ 38,484</b>	<b>\$ 15,343</b>	<b>\$ 407,486</b>	<b>\$ 352,094</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ 2,181	\$ -	\$ -	\$ 5,442	\$ -	\$ 750	\$ 10,187
Accrued Liabilities	-	5,541	-	-	-	-	11,939	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>7,722</b>	<b>-</b>	<b>-</b>	<b>5,442</b>	<b>-</b>	<b>12,689</b>	<b>10,187</b>
<b>FUND BALANCE:</b>								
Restricted	-	-	-	-	-	-	-	-
Committed	19,823	-	13,239	-	-	-	-	-
Assigned	-	90,743	-	-	33,042	15,343	394,797	341,907
<b>TOTAL FUND BALANCES</b>	<b>19,823</b>	<b>90,743</b>	<b>13,239</b>	<b>-</b>	<b>33,042</b>	<b>15,343</b>	<b>394,797</b>	<b>341,907</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 19,823</b>	<b>\$ 98,465</b>	<b>\$ 13,239</b>	<b>\$ -</b>	<b>\$ 38,484</b>	<b>\$ 15,343</b>	<b>\$ 407,486</b>	<b>\$ 352,094</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

	Special Revenue Funds							
	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	EECBG Energy Grant 2010	Sheriff Equipment/GT Band Grant	A Breast Cancer/GT Band
ASSETS:								
Cash and Equivalents	\$ 32,156	\$ 11,738	\$ 50	\$ 12,318	\$ 15,330	\$ -	\$ -	\$ -
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Mortgages	-	1,105	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 32,156</b>	<b>\$ 12,843</b>	<b>\$ 50</b>	<b>\$ 12,318</b>	<b>\$ 15,330</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
LIABILITIES:								
Accounts Payable	\$ -	\$ 1,980	\$ -	\$ -	\$ 1,630	\$ -	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,980</b>	<b>-</b>	<b>-</b>	<b>1,630</b>	<b>-</b>	<b>-</b>	<b>-</b>
FUND BALANCE:								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	32,156	10,863	50	12,318	13,700	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>32,156</b>	<b>10,863</b>	<b>50</b>	<b>12,318</b>	<b>13,700</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,156</b>	<b>\$ 12,843</b>	<b>\$ 50</b>	<b>\$ 12,318</b>	<b>\$ 15,330</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

	Special Revenue Funds							
	Snowmobile Grant	MPSC Energy Grant	2007 Region 7 Homeland Security	Probate Grant	Emergency Services LEPC Grant	Homebuyers Purchase Rehab 04-06	Child Care	Veteran's Trust
<b>ASSETS:</b>								
Cash and Equivalents	\$ 14,063	\$ -	\$ -	\$ 4,595	\$ 2,586	\$ -	\$ 76,921	\$ 136
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	640	-	-	35,410	-
<b>TOTAL ASSETS</b>	<b>\$ 14,063</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,235</b>	<b>\$ 2,586</b>	<b>\$ -</b>	<b>\$ 112,331</b>	<b>\$ 136</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,577	\$ -
Accrued Liabilities	1,344	-	-	178	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,995</b>	<b>-</b>	<b>-</b>	<b>178</b>	<b>-</b>	<b>-</b>	<b>23,577</b>	<b>-</b>
<b>FUND BALANCE:</b>								
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	12,068	-	-	5,057	2,586	-	88,754	136
<b>TOTAL FUND BALANCES</b>	<b>12,068</b>	<b>-</b>	<b>-</b>	<b>5,057</b>	<b>2,586</b>	<b>-</b>	<b>88,754</b>	<b>136</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 14,063</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,235</b>	<b>\$ 2,586</b>	<b>\$ -</b>	<b>\$ 112,331</b>	<b>\$ 136</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2011**

	Special Revenue Funds				Debt Service	Capital Project Funds		Total
	Meadow View Senior Housing	Meadow Brook Project Debt	Housing CDBG Grant 03/04	Housing CDBG Grant 05/06	Fund 2005 Courthouse	Meadow Brook Renovations	Grass River N A Interpretive Center	
<b>ASSETS:</b>								
Cash and Equivalents	\$ 32,497	\$ 312,631	\$ 7,806	\$ 57	\$ 10,957	\$ -	\$ 17,606	\$ 1,986,582
Receivables:								
Accounts	315	-	-	-	-	-	-	134,038
Mortgages	-	-	-	-	-	-	-	1,105
Due From Other Governmental Units	-	-	-	-	-	-	215,323	287,687
<b>TOTAL ASSETS</b>	<b>\$ 32,812</b>	<b>\$ 312,631</b>	<b>\$ 7,806</b>	<b>\$ 57</b>	<b>\$ 10,957</b>	<b>\$ -</b>	<b>\$ 232,929</b>	<b>\$ 2,409,412</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 5,438	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 51,836
Accrued Liabilities	3,600	-	-	-	-	-	-	23,602
<b>TOTAL LIABILITIES</b>	<b>9,038</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,438</b>
<b>FUND BALANCE:</b>								
Restricted	-	312,631	7,806	57	10,957	-	-	331,451
Committed	23,774	-	-	-	-	-	232,929	341,485
Assigned	-	-	-	-	-	-	-	1,661,038
<b>TOTAL FUND BALANCES</b>	<b>23,774</b>	<b>312,631</b>	<b>7,806</b>	<b>57</b>	<b>10,957</b>	<b>-</b>	<b>232,929</b>	<b>2,333,974</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 32,812</b>	<b>\$ 312,631</b>	<b>\$ 7,806</b>	<b>\$ 57</b>	<b>\$ 10,957</b>	<b>\$ -</b>	<b>\$ 232,929</b>	<b>\$ 2,409,412</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011**

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	5,490	-	-	32,327	-	-
Fines & Forfeits	-	-	-	-	-	-	-	-
Interest & Rentals	24	941	-	60	20	464	9	141
Other Revenues	1,358	47,854	-	-	2,539	-	4,733	-
<b>TOTAL REVENUES</b>	<b>1,382</b>	<b>48,795</b>	<b>5,490</b>	<b>60</b>	<b>2,559</b>	<b>32,791</b>	<b>4,742</b>	<b>141</b>
EXPENDITURES:								
Judicial	-	-	5,480	-	-	-	-	-
General Government	-	-	-	130	-	6,352	-	-
Public Safety	2,467	-	-	-	2,894	-	-	-
Health And Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	4,320	1,987
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,467</b>	<b>-</b>	<b>5,480</b>	<b>130</b>	<b>2,894</b>	<b>6,352</b>	<b>4,320</b>	<b>1,987</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,085)	48,795	10	(70)	(335)	26,439	422	(1,846)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	2,269	-	-	-	-	500	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,085)	51,064	10	(70)	(335)	26,439	922	(1,846)
FUND BALANCES, BEGINNING OF YEAR	9,389	333,013	-	22,614	8,003	155,701	1,853	53,566
FUND BALANCES, END OF YEAR	\$ 8,304	\$ 384,077	\$ 10	\$ 22,544	\$ 7,668	\$ 182,140	\$ 2,775	\$ 51,720

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011**

	Special Revenue Funds							
	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Operating	E-911 Wireless
REVENUES:								
Licenses and Permits	\$ -	\$ 398,380	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	8,685	-	144,296
Local	-	-	-	-	-	-	-	-
Charges for Services	-	2,141	-	-	-	-	540,484	-
Fines & Forfeits	-	-	-	-	50,895	-	-	-
Interest & Rentals	-	167	1	9	-	41	807	759
Other Revenues	-	2,187	1,440	5,702	263	-	479	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>402,875</b>	<b>1,441</b>	<b>5,711</b>	<b>51,158</b>	<b>8,726</b>	<b>541,770</b>	<b>145,055</b>
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	5,711	-	-	-	-
Public Safety	-	342,891	-	-	127,272	10,753	576,566	74,719
Health And Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	159	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>159</b>	<b>342,891</b>	<b>-</b>	<b>5,711</b>	<b>127,272</b>	<b>10,753</b>	<b>576,566</b>	<b>74,719</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(159)</b>	<b>59,984</b>	<b>1,441</b>	<b>-</b>	<b>(76,114)</b>	<b>(2,027)</b>	<b>(34,796)</b>	<b>70,336</b>
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	11,798	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(159)</b>	<b>59,984</b>	<b>13,239</b>	<b>-</b>	<b>(76,114)</b>	<b>(2,027)</b>	<b>(34,796)</b>	<b>70,336</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>19,982</b>	<b>30,759</b>	<b>-</b>	<b>-</b>	<b>109,156</b>	<b>17,370</b>	<b>429,593</b>	<b>271,571</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 19,823</b>	<b>\$ 90,743</b>	<b>\$ 13,239</b>	<b>\$ -</b>	<b>\$ 33,042</b>	<b>\$ 15,343</b>	<b>\$ 394,797</b>	<b>\$ 341,907</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011**

Special Revenue Funds

	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	EECBG Energy Grant 2010	Sheriff Equipment/GT Band Grant	A Breast Cancer/GT Band
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	240,826	-	-
State	-	-	-	4,334	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	7,737	24,601	-	-	-	-	-	-
Fines & Forfeits	-	-	50	-	3,500	-	-	-
Interest & Rentals	79	43	-	-	38	-	-	-
Other Revenues	-	-	-	-	-	5,626	2,499	10,000
<b>TOTAL REVENUES</b>	<b>7,816</b>	<b>24,644</b>	<b>50</b>	<b>4,334</b>	<b>3,538</b>	<b>246,452</b>	<b>2,499</b>	<b>10,000</b>
EXPENDITURES:								
Judicial	-	-	-	-	19,880	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	4,252	35,032	-	-	-	-	2,499	-
Health And Welfare	-	-	-	-	-	207,888	-	10,000
Recreation and Culture	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>4,252</b>	<b>35,032</b>	<b>-</b>	<b>-</b>	<b>19,880</b>	<b>207,888</b>	<b>2,499</b>	<b>10,000</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,564	(10,388)	50	4,334	(16,342)	38,564	-	-
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	25,000	-	-	-
Operating Transfers Out	-	-	-	-	-	(38,564)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,564	(10,388)	50	4,334	8,658	-	-	-
FUND BALANCES, BEGINNING OF YEAR	28,592	21,251	-	7,984	5,042	-	-	-
FUND BALANCES, END OF YEAR	\$ 32,156	\$ 10,863	\$ 50	\$ 12,318	\$ 13,700	\$ -	\$ -	\$ -

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011**

	Special Revenue Funds							
	Snowmobile Grant	MPSC Energy Grant 2010	2007 Region 7 Homeland Security	Probate Grant	Emergency Services LEPC Grant	Homebuyers Purchase Rehab 04-06	Child Care	Veteran's Trust
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	1,000	34,546	-	-
State	19,000	29,692	-	-	1,175	-	210,390	4,924
Local	-	-	-	12,699	-	-	-	-
Charges for Services	-	-	-	-	-	-	14,577	-
Fines & Forfeits	-	-	-	-	-	-	-	-
Interest & Rentals	-	-	-	-	-	-	-	-
Other Revenues	21	448	193	-	3,015	200	46,132	-
<b>TOTAL REVENUES</b>	<b>19,021</b>	<b>30,140</b>	<b>193</b>	<b>12,699</b>	<b>5,190</b>	<b>34,746</b>	<b>271,099</b>	<b>4,924</b>
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	30,173	-	-	-	-	-	-
Public Safety	35,367	-	193	-	10,166	-	-	-
Health And Welfare	-	-	-	8,207	-	35,412	520,353	5,471
Recreation and Culture	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>35,367</b>	<b>30,173</b>	<b>193</b>	<b>8,207</b>	<b>10,166</b>	<b>35,412</b>	<b>520,353</b>	<b>5,471</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(16,346)</b>	<b>(33)</b>	<b>-</b>	<b>4,492</b>	<b>(4,976)</b>	<b>(666)</b>	<b>(249,254)</b>	<b>(547)</b>
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	20,000	33	-	-	-	-	200,000	-
Operating Transfers Out	-	-	(6)	-	-	(300)	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>3,654</b>	<b>-</b>	<b>(6)</b>	<b>4,492</b>	<b>(4,976)</b>	<b>(966)</b>	<b>(49,254)</b>	<b>(547)</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>8,414</b>	<b>-</b>	<b>6</b>	<b>565</b>	<b>7,562</b>	<b>966</b>	<b>138,008</b>	<b>683</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 12,068</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,057</b>	<b>\$ 2,586</b>	<b>\$ -</b>	<b>\$ 88,754</b>	<b>\$ 136</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2011**

	Special Revenue Funds				Debt Service	Capital Project Funds		Total
	Meadow View Senior Housing	Meadow Brook Project Debt	Housing CDBG Grant 03/04	Housing CDBG Grant 05/06	Fund 2005 Courthouse	Meadow Brook Renovations	Grass River N A Interpretive Center	
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,380
Federal	-	-	-	24,580	-	-	-	300,952
State	-	-	-	-	-	-	215,323	637,819
Local	-	-	-	-	-	-	-	12,699
Charges for Services	-	-	-	-	-	-	-	627,357
Fines & Forfeits	-	-	-	-	-	-	-	54,445
Interest & Rentals	117,360	131	-	-	50	-	-	121,144
Other Revenues	1,788	312,500	5,105	-	-	24,878	100,000	578,960
<b>TOTAL REVENUES</b>	<b>119,148</b>	<b>312,631</b>	<b>5,105</b>	<b>24,580</b>	<b>50</b>	<b>24,878</b>	<b>315,323</b>	<b>2,731,756</b>
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	25,360
General Government	-	-	-	-	-	-	-	42,366
Public Safety	-	-	-	-	-	-	-	1,225,071
Health And Welfare	129,797	-	51,875	30,625	-	24,878	-	1,024,506
Recreation and Culture	-	-	-	-	-	-	-	6,466
Capital Outlay	-	-	-	-	-	-	648,326	648,326
<b>TOTAL EXPENDITURES</b>	<b>129,797</b>	<b>-</b>	<b>51,875</b>	<b>30,625</b>	<b>-</b>	<b>24,878</b>	<b>648,326</b>	<b>2,972,095</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(10,649)</b>	<b>312,631</b>	<b>(46,770)</b>	<b>(6,045)</b>	<b>50</b>	<b>-</b>	<b>(333,003)</b>	<b>(240,339)</b>
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	55,302	6,092	-	-	-	320,994
Operating Transfers Out	-	-	(800)	-	-	-	-	(39,670)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(10,649)</b>	<b>312,631</b>	<b>7,732</b>	<b>47</b>	<b>50</b>	<b>-</b>	<b>(333,003)</b>	<b>40,985</b>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>34,423</b>	<b>-</b>	<b>74</b>	<b>10</b>	<b>10,907</b>	<b>-</b>	<b>565,932</b>	<b>2,292,989</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 23,774</b>	<b>\$ 312,631</b>	<b>\$ 7,806</b>	<b>\$ 57</b>	<b>\$ 10,957</b>	<b>\$ -</b>	<b>\$ 232,929</b>	<b>\$ 2,333,974</b>

**Combining Statement of Net Assets  
Nonmajor Enterprise Funds  
December 31, 2011**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
<b>ASSETS:</b>				
Current Assets:				
Cash and Investments - Unrestricted	\$ 102,447	\$ 314,118	\$ 184,637	\$ 601,202
Receivables:				
Accounts	26,389	-	49,275	75,664
Due From Other Governments	-	-	262,349	262,349
Prepaid Expenses	-	-	2,805	2,805
Inventories	-	-	35,133	35,133
<b>Total Current Assets</b>	<b>128,836</b>	<b>314,118</b>	<b>534,199</b>	<b>977,153</b>
Noncurrent Assets:				
Capital Assets (Net of Accumulated Depreciation)	2,134,532	73,671	1,103,349	3,311,552
<b>TOTAL ASSETS</b>	<b>\$ 2,263,368</b>	<b>\$ 387,789</b>	<b>\$ 1,637,548</b>	<b>\$ 4,288,705</b>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Payable	\$ 2,360	\$ 520	\$ 331,332	\$ 334,212
Accrued Liabilities	4,632	-	10,220	14,852
<b>TOTAL LIABILITIES</b>	<b>6,992</b>	<b>520</b>	<b>341,552</b>	<b>349,064</b>
<b>NET ASSETS:</b>				
Invested in Capital Assets	2,134,532	73,671	1,103,349	3,311,552
Unrestricted	121,844	313,598	192,647	628,089
<b>TOTAL NET ASSETS</b>	<b>\$ 2,256,376</b>	<b>\$ 387,269</b>	<b>\$ 1,295,996</b>	<b>\$ 3,939,641</b>

**Combining Statement of Revenues, Expenses, and Changes  
in Net Assets - Nonmajor Enterprise Funds  
For the Year Ended December 31, 2011**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 152,527	\$ -	\$ 393,320	\$ 545,847
Other Income	67,363	-	-	67,363
<b>TOTAL OPERATING REVENUES</b>	<b>219,890</b>	<b>-</b>	<b>393,320</b>	<b>613,210</b>
<b>OPERATING EXPENSES:</b>				
Salaries, Wages, and Fringe Benefits	243,818	-	548,013	791,831
Depreciation	161,558	24,289	149,009	334,856
Other Expenses	211,317	558	377,166	589,041
<b>TOTAL OPERATING EXPENSES</b>	<b>616,693</b>	<b>24,847</b>	<b>1,074,188</b>	<b>1,715,728</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(396,803)</b>	<b>(24,847)</b>	<b>(680,868)</b>	<b>(1,102,518)</b>
<b>NON OPERATING REVENUES (EXPENSES):</b>				
Interest Earnings	345	716	399	1,460
Oil & Gas Royalties	2,852	-	-	2,852
Gain(Loss) on Sale of Assets	-	-	10,564	10,564
Federal Grants	235,885	-	596,078	831,963
State Grants	5,376	-	321,284	326,660
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>244,458</b>	<b>716</b>	<b>928,325</b>	<b>1,173,499</b>
<b>INCOME (LOSS) BEFORE OPERATING TRANSFERS</b>	<b>(152,345)</b>	<b>(24,131)</b>	<b>247,457</b>	<b>70,981</b>
Operating Transfers In	256,553	-	156,000	412,553
Operating Transfers Out	(2,269)	-	-	(2,269)
<b>Changes in Net Assets</b>	<b>101,939</b>	<b>(24,131)</b>	<b>403,457</b>	<b>481,265</b>
Net Assets - January 1, 2011	2,154,437	411,400	892,539	3,458,376
<b>Net Assets - December 31, 2011</b>	<b>\$ 2,256,376</b>	<b>\$ 387,269</b>	<b>\$ 1,295,996</b>	<b>\$ 3,939,641</b>

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2011**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 213,105	\$ -	\$ 146,827	\$ 359,932
Cash Payments for Goods and Service	(213,331)	(38)	(92,266)	(305,635)
Cash Payments to Employees for Services/Fringe Benefits	(242,948)	-	(545,059)	(788,007)
Net Cash Provided (Used) by Operating Activities	<u>(243,174)</u>	<u>(38)</u>	<u>(490,498)</u>	<u>(733,710)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers from (to) Other Funds	254,284	-	156,000	410,284
Operating Grants Received	-	-	410,964	410,964
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>254,284</u>	<u>-</u>	<u>566,964</u>	<u>821,248</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of Capital Assets	(247,447)	-	(506,542)	(753,989)
Capital Acquisition Grants - Received in Cash	241,261	-	506,398	747,659
Proceeds from Sale of Property and Equipment	-	-	10,564	10,564
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,186)</u>	<u>-</u>	<u>10,420</u>	<u>4,234</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	345	716	399	1,460
Oil & Gas Royalties	2,852	-	-	2,852
Net Cash Provided (Used) by Investing Activities	<u>3,197</u>	<u>716</u>	<u>399</u>	<u>4,312</u>
Net Increase (Decrease) in Cash and Equivalents	8,121	678	87,285	96,084
Balances - Beginning of the Year	94,326	313,440	97,352	505,118
Balances - End of the Year	<u>\$ 102,447</u>	<u>\$ 314,118</u>	<u>\$ 184,637</u>	<u>\$ 601,202</u>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (396,803)	\$ (24,847)	\$ (680,868)	\$ (1,102,518)
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	161,558	24,289	149,009	334,856
Change in Assets and Liabilities:				
Accounts Receivable	(6,785)	-	(286)	(7,071)
Due from Other Governments	-	-	(246,207)	(246,207)
Inventories	-	-	(3,998)	(3,998)
Prepaid Expenses	-	-	2,102	2,102
Accrued Liabilities	870	-	2,954	3,824
Accounts Payable	(2,014)	520	286,796	285,302
Net Cash Provided (Used) by Operating Activities	<u>\$ (243,174)</u>	<u>\$ (38)</u>	<u>\$ (490,498)</u>	<u>\$ (733,710)</u>

## **Reports on Compliance**

---



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA  
AMBER N. MACK, CPA, EA

**MEMBER AICPA  
DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

**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**

Chairman and Members  
of the Board of Commissioners  
County of Antrim, Michigan  
203 E. Cayuga Street  
Bellaire, Michigan 49615

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan, as of and for the year ended December 31, 2011, which collectively comprise the County of Antrim, Michigan's basic financial statements and have issued our report thereon, dated June 18, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of the Antrim County Road Commission and the Meadow Brook Medical Care Facility, as described in our report on the County of Antrim, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

Management of the County of Antrim, Michigan, is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County of Antrim, Michigan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Antrim, Michigan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

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.

Chairman and Members  
of the Board of Commissioners  
County of Antrim, Michigan

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Antrim, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 11-1.

We also noted certain additional matters that we reported to management of the County of Antrim, Michigan in a separate letter dated June 18, 2012.

The County of Antrim, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

June 18, 2012



**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA  
AMBER N. MACK, CPA, EA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Chairman and Members  
of the Board of Commissioners  
County of Antrim, Michigan  
203 E. Cayuga Street  
Bellaire, Michigan 49615

**Compliance**

We have audited the County of Antrim, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have direct and material effect on each of the County of Antrim, Michigan's major federal programs for the year ended December 31, 2011. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County of Antrim, Michigan complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Chairman and Members  
of the Board of Commissioners  
County of Antrim, Michigan

### **Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

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



**Anderson, Tackman & Company, PLC**  
**Certified Public Accountants**

June 18, 2012

# County of Antrim, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2011

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Pass-through Area Agency on Aging Northwest Michigan:			
Nutrition Services Incentive-Title III C1	10.570	N/A	\$ 32,295
Total U.S. Department of Agriculture			32,295
<b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT:</b>			
Pass-through programs from the Michigan State Housing Development Authority:			
Community Development Block Grant	14.228	MSC-2007-0333-HO	34,546
Community Development Block Grant	14.228	MSC-2009-0333-HOA	24,580
Total U.S. Department of Housing & Urban Development			59,126
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Pass-through programs from the Michigan Department of Transportation:			
Airport Project - State Administered	20.106	B-26-0011-2310	30,114
Airport Project - State Administered	20.106	B-26-0011-2411	203,639
Airport Project - State Administered	20.205	B-26-0011-2109/2006	1,650
Airport Project - State Administered	20.205	B-26-0011-2209	482
HMEP	20.703	N/A	1,000
Rural Transit Assistance Program	20.509	N/A	3,534
Operating Assistance - Section 5311	20.509	07-0163/Z14	101,212
Operating Assistance - Section 5311	20.509	12-0034/P1	33,012
Capital Assistance (ARRA)	20.509	07-0163/Z10	226,359
Capital Assistance	20.500	07-0163/Z13	201,675
Capital Assistance	20.500	07-0163/Z16	30,286
Total U.S. Department of Transportation			832,963
<b>U.S. DEPARTMENT OF ENERGY:</b>			
Pass-through program from the Michigan Department of Energy, Labor and Economic Growth:			
Energy Efficiency & Conservation Multi-Purpose Block Grant (ARRA)	81.128	BES-10-054	240,826
Total U.S. Department of Commerce			240,826
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
Pass-through programs from the Michigan Department of Human Services:			
PA CRP Title IV-D - 10/1/10 to 9/30/11	93.563	CS/PA-10-05002	44,250
Pass-through Area Agency on Aging Northwest Michigan Special Programs for the Aging:			
Title III Part C - Nutrition Services:			
Congregate Meals	93.045	N/A	14,623
Home Delivered Meals	93.045	N/A	21,893
Total U.S. Department of Health and Human Services			80,766
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
Pass-through program from the Michigan Department of State Police, Emergency Management Division:			
Emergency Management Performance Grants 10/01/10-09/30/11	97.042	EMW-2011-EP-00044-S01	16,501
Total U.S. Department of Homeland Security			16,501
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 1,262,477</b>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Antrim, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - COGNIZANT AGENCY**

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Transportation which provided the greatest amount of indirect federal funding to the County during 2011.

**NOTE C - FEDERAL REVENUES**

Federal Revenues per Financial Statement:	
Government Funds	\$ 430,514
Enterprise Funds:	
Operating	<u>831,963</u>
Total Federal Expenditures	<u>\$ 1,262,477</u>

**NOTE D - AIRPORT GRANTS**

The Michigan Department of Transportation (MDOT) requires that airports report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2011, the Federal aid received and expended by the Airport was \$235,885 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT. The contracted federal projects are not subject to single audit requirements by the airports as they are included in MDOT's single audit.

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**Identification of Major Programs**

**CFDA NUMBERS**

**Name of Federal Program or Cluster**

20.500	Capital Grant
20.509	Operating Grant
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Significant Deficiencies – Noncompliance with State Statutes

Excess Expenditures Over Appropriations

Finding 11-1

Condition: Our examination of procedures used by the County to adopt and maintain operating budgets for the County’s budgetary funds revealed the following instance of noncompliance with the provisions of Public Act 621 of 1978, Section 18(1), as amended , the Uniform Budgeting and Accounting Act.

The County’s 2011 General Appropriations Act (budget) provided for expenditures of the Services for Aged fund to be controlled to the activity level. During the fiscal year ended December 31, 2011, expenditures were incurred in excess of amounts appropriated in the amended budgets for the Services for Aged fund on page 50 of the financial statements.

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Public Act 621 of 1978, as amended.

During the year ended December 31, 2011, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Services for Aged:			
Health and Welfare	\$ 1,206,168	\$ 1,219,685	\$ (13,517)

Effect: The County has not complied with various State Statutes.

Cause: Failure to amend the budget for the Services for Aged Fund during the year.

Recommendation: We recommend that the County and personnel responsible for administering the activities of the various funds of the County, develop budgetary control procedures for the Services for Aged Fund, which will assure that expenditures do not exceed amounts authorized in the General Appropriations Act , or amendments thereof.

Management’s Response – Corrective Action Plan: Management has agreed to correct the problem by monitoring the budgets more closely and performing budget amendments on a timely basis.

- Contact Person(s) Responsible for Correction:  
    Laura Sexton, Clerk

Section III – Federal Award Findings and Questioned Costs

NONE.

**Section III – Federal Award Findings and Questioned Costs**

---

**NONE**



**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

ROBERT L. HASKE, CPA  
AMBER N. MACK, CPA, EA

**MEMBER AICPA  
DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Chairman and Members  
of the Board of Commissioners  
County of Antrim, Michigan  
203 E. Cayuga Street  
Bellaire, Michigan 49615

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan for the year ended December 31, 2011, and have issued our report thereon dated June 18, 2012. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated November 28, 2011, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County of Antrim, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Antrim, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Antrim, Michigan's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Antrim, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Antrim, Michigan's compliance with those requirements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters dated November 28, 2011.

### **Significant Accounting Policies**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Antrim, Michigan are described in Note 1 to the financial statements. GASB 54 fund balance accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate to determine that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be zero.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

***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 the financial statements taken as a whole.

***Disagreement with Management***

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

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated June 18, 2012.

***Management Consultations with Other Independent Accountants***

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

***Other Audit Findings or Issues***

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

*Comments and Recommendations*

**Computer Processing (Prior Audit Firm)**

The County spends significant amounts for computer processing on an annual basis and at the present time the system operates effectively and your service center is responsive to the needs of your primary user departments.

You are well under way with implementing a long-term technology plan for hardware and software needs. During this process it is my opinion the County should complete an overall software and system needs assessment as well. Even today, your system does not permit real time use for your primary accounting records, such as your receipt journals, disbursement journals, and general ledger. Prior year, and even prior months data is not available without using hard copy. Most systems today allow instant access to your data including activity from prior accounting periods. Your needs assessment process should include all present and future users in order to best determine the direction Antrim County will take in this rapidly changing area. It is critical to incorporate the financial/accounting needs in this assessment process.

Status: Corrected.

**Fraud Policy (Prior Year)**

With the implementation of Statement of Auditing Standards No. 99, auditors are required to assess policies and procedures regarding fraud risks within a governmental entity. The County does not have a "fraud policy" which would address fraud or suspected fraud and related board actions. We recommend the County adopt a fraud policy in compliance with SAS No. 99.

Status: Corrected.

**Conflict of Interest Policy (Prior Year)**

The County should adopt a conflict of interest policy to provide a procedure to be followed when conflicts occur relative to voting on matters with related parties.

Status: Corrected.

**941 Reconciliation (Prior Year)**

Salaries and wages expenditures per the general ledger are not balanced with the Form 941 reports. It is recommended that each quarter, as part of the 941 report preparation process, the wages per the general ledger be reconciled to the Form 941 wage report.

Status: Corrected.

## **GASB 54 Fund Balance Components (Prior Year)**

The Governmental Accounting Standards Board has issued a pronouncement, GASB #54 – Fund Balance Reporting and Governmental Fund Type Definitions. GASB #54 eliminates the current use of the terms reserved and designated in the reporting of fund balance, and replaces those terms with five new categories for segregating fund balance. The Standard is effective for periods beginning after June 15, 2010.

Following are the new categories and related definitions to be used for describing the components of your fund balance:

- **Non-spendable** – Includes amounts either not in spendable form or legally or contractually required to be maintained intact. This would include inventory, prepaids, and non-current receivables.
- **Restricted** – Reflects the same definition as Restricted net assets: Constraints placed on the use of amounts are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. This would generally include amounts in bonded capital projects funds and debt service funds.
- **Committed** – Includes amounts that are committed for specific purposes by formal action of the government’s highest level of decision-making authority. Amounts classified as “committed” are not subject to legal enforceability like restricted fund balance; however, those amounts cannot be used for any other purpose unless the government removes or changes the limitation by taking the same form of action it employed to previously imposed the limitation.
- **Assigned** – Amounts that are intended by the government to be used for specific purposes, but are neither restricted nor limited, should be reported as assigned fund balance. Intent should be expressed by the Board itself or a subordinate high-level body or official possessing the authority to assign amounts to be used for specific purposes in accordance with policies established by the board. This would include ANY activity reported in a fund other than the General Fund.
- **Unassigned** – Includes any remaining amounts after applying the above definitions. Planned spending in the subsequent year’s budget would be included here and can no longer be described as “designated”.

The Standard also requires disclosure in the financial statements of any minimum fund balance policies. We encourage the County to become familiar with the new terms and definitions and work with the users of the financial statements to ensure a clear presentation and understanding of the new requirements.

Status: Implemented.

### **Transfers In and Transfers Out**

It was noted that transfers in and out of funds are not always coded to the appropriate transfer line items within the funds. Several instances of coding transfers to operating supplies expenditure and other revenue line items were noted. It is recommended that the County account for all transfers within the appropriate transfer line items.

### **Fixed Assets**

During testing, it was noted that two busses were unrecorded as fixed assets (nor was the appropriate accounts payable recorded) in the current year. There were also several assets that the invoices/support for the items did not agree to the recorded amount of the asset (although both were immaterial differences). It is recommended that the County thoroughly review fixed asset additions to ensure proper accounting for these items at year-end as well as retain supporting documentation for each addition and disposition.

### **Payroll**

It was noted during the testing of controls over payroll that several employees had incomplete employee files. Some files were missing Form I-9's and others had incomplete I-9's. Some had incomplete Michigan new hire forms and others did not have the deduction authorization to match the payroll register. It was also noted that one employee's timecard did not match the payroll register. We recommend that employee personnel files be kept up to date with complete copies of all required forms and timesheets are verified before entered into the payroll system.

### **Disbursements**

It was noted during the testing of controls over disbursements that one check lacked sufficient supporting documentation. We recommend that all receipts, invoices, or any other supporting documentation be kept on file to support all disbursements.

### **Conclusion**

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



**Anderson Tackman & Company, PLC**  
**Certified Public Accountants**

June 18, 2012