

County of Antrim, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2012

COUNTY OF ANTRIM, MICHIGAN

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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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 ending December 31, 2012, and the related notes to the financial statements which collectively comprise the County of Antrim, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Antrim County Road Commission, which represents 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenue of the discretely presented component units. We did not audit the financial statements of the Meadow Brook Medical Care Facility, which represents 64 percent, 42 percent, and 86 percent, respectively, of the assets, net position, and revenue of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission and Medical Care Facility, 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan, as of December 31 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 11, page 47, and pages 48 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Antrim, Michigan's basic financial statements. The combining major and nonmajor fund financial statements, statistical section, and the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2013 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* in considering the County of Antrim, Michigan's internal control over financial reporting and compliance.



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

June 5, 2013

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, 2012. 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, 2012 by \$61,163,540. Of this amount \$28,810,062 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- * At December 31, 2012, the County's governmental funds reported combined ending fund balances of \$14,856,338.
- * At December 31, 2012, unassigned fund balance for the General Fund was \$6,569,511 or 51% of General Fund expenditures and transfers out.
- * Governmental funds revenues were \$14,948,124.

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 five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements 4) required supplementary information and 5) other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement 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 12-13 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 14-15 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 17-19 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 20 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 21-46 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 47-53 of this report.

Other 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 54-70 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$61,163,540 at the close of the most recent fiscal year. A large portion of the County's net position 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, 2012 the County had \$0 debt associated with its governmental fund capital assets.

**County of Antrim
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current Assets	\$ 17,736,127	\$ 18,171,988	\$ 34,868,745	\$ 23,789,652	\$ 52,604,872	\$ 41,961,640
Capital Assets	18,100,770	18,272,935	11,843,281	6,201,252	29,944,051	24,474,187
Total Assets	\$ 35,836,897	\$ 36,444,923	\$ 46,712,026	\$ 29,990,904	\$ 82,548,923	\$ 66,435,827
Current Liabilities	\$ 2,885,252	\$ 2,701,008	\$ 5,161,544	\$ 3,212,949	\$ 8,046,796	\$ 5,913,957
Noncurrent Liabilities	138,587	96,355	13,200,000	-	13,338,587	96,355
Total Liabilities	3,023,839	2,797,363	18,361,544	3,212,949	21,385,383	6,010,312
Net Position						
Net Investment in						
Capital Assets	18,084,382	18,176,580	8,117,654	6,201,252	26,202,036	24,377,832
Restricted	4,677,292	4,570,706	1,474,150	-	6,151,442	4,570,706
Unrestricted	10,051,384	10,900,274	18,758,678	20,576,703	28,810,062	31,476,977
Total Net Position	\$ 32,813,058	\$ 33,647,560	\$ 28,350,482	\$ 26,777,955	\$ 61,163,540	\$ 60,425,515

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Governmental investment in capital assets is 55% of total net position. An additional portion of the County's governmental net position (14%) represents resources that are subject to external restrictions on how they may be used. Restricted net position is those 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) are considered restricted or unrestricted. The unrestricted portion of the County's governmental net position is 31% of net position. This net position may be used to meet the government's ongoing obligations to citizens and creditors.

County of Antrim
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Program Revenues						
Charges for Services	\$ 2,680,183	\$ 2,680,738	\$ 13,410,203	\$ 13,696,767	\$ 16,090,386	\$ 16,377,505
Operating Grants and Contributions	1,855,387	2,622,178	430,068	415,620	2,285,455	3,037,798
Capital Grants and Contributions	56,455	215,323	292,351	747,803	348,806	963,126
General Revenues						
Property Taxes	9,747,869	9,731,605	1,665,542	1,709,954	11,413,411	11,441,559
Convention Tax	218,271	144,026	-	-	218,271	144,026
Unrestricted Investment Earnings	389,959	42,582	48,671	47,966	438,630	90,548
Rents	-	344,535	-	-	-	344,535
Gain (Loss) on Sale of Capital Assets	(15,987)	(18,902)	10,283	2,829	(5,704)	(16,073)
Total Revenues	14,932,137	15,762,085	15,857,118	16,620,939	30,789,255	32,383,024
Program Expenses						
Legislative	222,291	168,020	-	-	222,291	168,020
Judicial	1,931,314	1,925,043	-	-	1,931,314	1,925,043
General Government	4,108,682	4,023,525	-	-	4,108,682	4,023,525
Public Safety	5,395,611	5,470,641	-	-	5,395,611	5,470,641
Public Works	20,975	906	-	-	20,975	906
Health and Welfare	3,018,830	3,305,716	-	-	3,018,830	3,305,716
Community/Economic Development	184,618	274,408	-	-	184,618	274,408
Recreation and Culture	359,942	374,597	-	-	359,942	374,597
Interest - Unallocated	113,920	-	-	-	113,920	-
Delinquent Property Tax	-	-	385,360	367,019	385,360	367,019
Medical Care Facility	-	-	12,500,456	12,223,191	12,500,456	12,223,191
Other Expense	-	-	1,809,232	1,715,728	1,809,232	1,715,728
Total Expenses	15,356,183	15,542,856	14,695,048	14,305,938	30,051,231	29,848,794
Changes in Net Position Before Transfers	(424,046)	219,229	1,162,070	2,315,001	738,024	2,534,230
Transfers - Net	(410,457)	(246,679)	410,457	246,679	-	-
Changes in Net Position	(834,503)	(27,450)	1,572,527	2,561,680	738,024	2,534,230
Net Position - Beginning	33,647,561	33,675,010	26,777,955	24,216,275	60,425,516	57,891,285
Net Position - Ending	\$ 32,813,058	\$ 33,647,560	\$ 28,350,482	\$ 26,777,955	\$ 61,163,540	\$ 60,425,515

Governmental Activities

Governmental activities decreased the County's net position by \$834,503. The main reasons for the change in fund balances and the change in net position 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 position after transfers by \$1,572,527. The increase in the business-type activities' net position 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 position as a result of a tax levy. The Transportation Fund and Airport Fund also showed an increase in net position 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 48% of annual governmental expenditures in 2012 in the governmental funds.

The General Fund fund balance increased by \$139,302 from \$9,257,835 to \$9,397,137 during 2012.

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

UNRESTRICTED NET POSITION

<u>Enterprise Funds</u>	<u>2012</u>	<u>2011</u>
100% Tax Payment Fund	\$ 11,576,354	\$ 11,139,066
Medical Care Facility	\$ 6,540,879	\$ 7,413,908
Airport Fund	\$ 148,825	\$ 121,844
Elk Rapids Hydro Electric	\$ 305,853	\$ 313,598
Transportation Fund	\$ 186,767	\$ 192,647

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:

Taxes increased by	\$ 66,500
State Sources increased by	\$ 43,171
Interest increased by	\$ 41,300
Other increased by	\$ 147,329

Expenditures:

Judicial was increased by	\$ 13,626
General Government was increased by	\$ 173,274
Public Safety was increased by	\$ 162,537
Capital Outlay was increased by	\$ 93,035

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 32-35 of the accompanying report.

The County currently has \$13,600,000 in general obligation bonds, for renovations to the Medical Care Facility.

Economic Factors and Next Year's Budgets and Rates

The taxable value of commercial, residential, and personal property increased by 1% from 2011 to 2012. The increase 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 2013.

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 Accountant, P.O. Box 521, Bellaire, MI 49615.

Basic Financial Statements

County of Antrim, Michigan

Statement of Net Position December 31, 2012

	Primary Government		Totals	Component Unit
	Governmental Activities	Business-type Activities		
ASSETS:				
Current Assets:				
Cash and Investments - Unrestricted	\$ 14,350,864	\$ 15,353,485	\$ 29,704,349	\$ 1,205,796
Cash and Investments - Restricted	-	13,688,072	13,688,072	-
Receivables:				
Accounts	187,854	1,450,859	1,638,713	43,327
Current Taxes	1,830,148	1,679,979	3,510,127	-
Delinquent Taxes	-	1,778,980	1,778,980	-
Interest and Penalties	-	520,634	520,634	-
Other Governments	304,530	40,494	345,024	567,130
Mortgages	1,162,526	-	1,162,526	-
Other Assets	-	132,174	132,174	-
Third Party Payor - Settlements	-	100,750	100,750	-
Inventories	-	38,939	38,939	579,262
Prepaid Expenses	-	84,378	84,378	38,151
Total Current Assets	<u>17,835,922</u>	<u>34,868,744</u>	<u>52,704,666</u>	<u>2,433,666</u>
Noncurrent Assets:				
Capital Assets Not Depreciated	11,172,082	7,418,982	18,591,064	15,201,923
Capital Assets (Net of Accumulated Depreciation)	<u>6,928,688</u>	<u>4,424,300</u>	<u>11,352,988</u>	<u>12,911,811</u>
Total Noncurrent Assets	<u>18,100,770</u>	<u>11,843,282</u>	<u>29,944,052</u>	<u>28,113,734</u>
TOTAL ASSETS	<u>\$ 35,936,692</u>	<u>\$ 46,712,026</u>	<u>\$ 82,648,718</u>	<u>\$ 30,547,400</u>
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 452,814	\$ 2,218,407	\$ 2,671,221	\$ 45,389
Accrued Liabilities	141,851	871,001	1,012,852	69,226
Advance from Other Governments	-	-	-	160,902
Installment Note Payable	5,463	-	5,463	-
Bonds Payable	-	400,000	400,000	-
Deferred Revenue	2,285,124	1,672,136	3,957,260	-
Total Current Liabilities	<u>2,885,252</u>	<u>5,161,544</u>	<u>8,046,796</u>	<u>275,517</u>
Noncurrent Liabilities:				
Accrued Compensated Absences	-	-	-	138,378
Installment Note Payable	10,925	-	10,925	-
Bonds Payable	-	13,200,000	13,200,000	-
Post Employment Health Care (OPEB)	127,662	-	127,662	229,192
Total Noncurrent Liabilities	<u>138,587</u>	<u>13,200,000</u>	<u>13,338,587</u>	<u>367,570</u>
TOTAL LIABILITIES	<u>3,023,839</u>	<u>18,361,544</u>	<u>21,385,383</u>	<u>643,087</u>
NET POSITION:				
Net Investment in Capital Assets	18,084,382	8,117,654	26,202,036	28,113,734
Restricted	5,145,303	1,474,150	6,619,453	1,790,579
Unrestricted	9,683,168	18,758,678	28,441,846	-
TOTAL NET POSITION	<u>\$ 32,912,853</u>	<u>\$ 28,350,482</u>	<u>\$ 61,263,335</u>	<u>\$ 29,904,313</u>

County of Antrim, Michigan

Statement of Activities For the Year Ended December 31, 2012

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	
Primary Government:								
Governmental Activities:								
Legislative	\$ 222,291	\$ -	\$ -	\$ -	\$ (222,291)	\$ -	\$ (222,291)	\$ -
Judicial	1,931,314	557,091	318,173	-	(1,056,050)	-	(1,056,050)	-
General Government	4,117,390	558,909	665,484	-	(2,892,997)	-	(2,892,997)	-
Public Safety	5,447,590	1,178,528	353,450	56,455	(3,859,157)	-	(3,859,157)	-
Public Works	20,975	-	-	-	(20,975)	-	(20,975)	-
Health & Welfare	2,919,035	235,724	473,747	-	(2,209,564)	-	(2,209,564)	-
Community and Economic Development	184,618	-	-	-	(184,618)	-	(184,618)	-
Recreation and Culture	299,255	149,931	44,533	-	(104,791)	-	(104,791)	-
Interest - Unallocated	113,920	-	-	-	(113,920)	-	(113,920)	-
Total Governmental Activities	15,256,388	2,680,183	1,855,387	56,455	(10,664,363)	-	(10,664,363)	-
Business-type Activities:								
Delinquent Property Tax	385,360	946,169	-	-	-	560,809	560,809	-
Medical Care Facility	12,500,456	11,868,929	3,623	-	-	(627,904)	(627,904)	-
Other	1,809,232	595,105	426,445	292,351	-	(495,331)	(495,331)	-
Total Business-type Activities	14,695,048	13,410,203	430,068	292,351	-	(562,426)	(562,426)	-
Total Primary Government	29,951,436	16,090,386	2,285,455	348,806	(10,664,363)	(562,426)	(11,226,789)	-
Component Unit:								
Road Commission	5,526,445	670,413	4,493,398	111,217	-	-	-	(251,417)
Total Component Unit	5,526,445	670,413	4,493,398	111,217	-	-	-	(251,417)
Total	\$ 35,477,881	\$ 16,760,799	\$ 6,778,853	\$ 460,023	-	-	-	-
General Revenues and Transfers:								
Property Taxes	-	-	-	-	9,747,869	1,665,542	11,413,411	-
Convention Taxes	-	-	-	-	218,271	-	218,271	-
Investment Earnings	-	-	-	-	389,959	48,671	438,630	-
Rents	-	-	-	-	-	-	-	2,551
Gain/(Loss) on Sale of Capital Assets	-	-	-	-	(15,987)	10,283	(5,704)	(2,473)
Transfers - Internal Activities	-	-	-	-	(410,457)	410,457	-	-
Total General Revenues and Transfers	-	-	-	-	9,929,655	2,134,953	12,064,608	78
Changes in Net Position	-	-	-	-	(734,708)	1,572,527	837,819	(251,339)
Net Position - Beginning	-	-	-	-	33,647,561	26,777,955	60,425,516	30,155,652
Net Position - Ending	-	-	-	-	\$ 32,912,853	\$ 28,350,482	\$ 61,263,335	\$ 29,904,313

See accompanying notes to financial statements.

County of Antrim, Michigan

Balance Sheet Governmental Funds December 31, 2012

	General Funds	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Other Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Investments - Unrestricted	\$ 8,867,541	\$ 3,378,369	\$ 47,695	\$ 32,507	\$ 2,024,752	\$ 14,350,864
Cash and Investments - Restricted	-	-	-	-	-	-
Receivables:						
Taxes	706,375	-	668,395	-	455,378	1,830,148
Accounts	74,265	-	1,254	-	112,335	187,854
Mortgages	-	-	-	1,162,526	-	1,162,526
Due from Governmental Units	245,742	-	14,255	-	44,533	304,530
TOTAL ASSETS	<u>\$ 9,893,923</u>	<u>\$ 3,378,369</u>	<u>\$ 731,599</u>	<u>\$ 1,195,033</u>	<u>\$ 2,636,998</u>	<u>\$ 17,835,922</u>
LIABILITIES:						
Accounts Payable	\$ 387,369	\$ -	\$ 33,630	\$ -	\$ 31,815	\$ 452,814
Accrued Liabilities	109,417	-	8,012	-	24,422	141,851
Deferred Revenue	-	-	667,220	1,162,526	455,378	2,285,124
TOTAL LIABILITIES	<u>496,786</u>	<u>-</u>	<u>708,862</u>	<u>1,162,526</u>	<u>511,615</u>	<u>2,879,789</u>
FUND BALANCES:						
Restricted	368,216	3,378,369	22,737	-	1,375,981	5,145,303
Committed	137,555	-	-	-	116,325	253,880
Assigned	2,321,855	-	-	32,507	2,878	2,357,240
Unassigned	6,569,511	-	-	-	630,199	7,199,710
TOTAL FUND BALANCES	<u>9,397,137</u>	<u>3,378,369</u>	<u>22,737</u>	<u>32,507</u>	<u>2,125,383</u>	<u>14,956,133</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 9,893,923</u>	<u>\$ 3,378,369</u>	<u>\$ 731,599</u>	<u>\$ 1,195,033</u>	<u>\$ 2,636,998</u>	

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

Capital assets used by governmental activities	18,100,770
Long term installment notes payable for governmental activities	(16,388)
Other postemployment benefits liability	<u>(127,662)</u>
Net position of governmental activities	<u>\$ 32,912,853</u>

County of Antrim, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2012

	General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Other Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes and Penalties	\$ 9,084,482	\$ -	\$ 663,387	\$ -	\$ -	\$ 9,747,869
Licenses & Permits	163,498	-	-	-	435,688	599,186
Federal	97,197	-	105,439	-	32,639	235,275
State	737,521	-	99,607	-	300,748	1,137,876
Local	-	-	-	-	28,824	28,824
Charges for Services	1,217,195	-	219,646	-	588,956	2,025,797
Fines & Forfeits	3,800	-	-	-	54,900	58,700
Interest & Rents	279,321	-	5,490	4,526	100,622	389,959
Other Revenue	528,657	-	16,116	70,722	109,143	724,638
TOTAL REVENUES	12,111,671	-	1,109,685	75,248	1,651,520	14,948,124
EXPENDITURES:						
Legislative	222,291	-	-	-	-	222,291
Judicial	1,865,314	-	-	-	29,072	1,894,386
General Government	3,773,241	-	-	-	26,390	3,799,631
Public Safety	4,001,391	-	-	-	1,142,161	5,143,552
Public Works	20,975	-	-	-	-	20,975
Health & Welfare	1,128,000	-	1,115,671	-	616,686	2,860,357
Community/Economic Development	158,503	-	-	-	-	158,503
Recreation and Culture	315,725	-	-	-	44,217	359,942
Interest Expense	-	-	-	-	113,350	113,350
Capital Outlay	256,994	-	-	-	238,352	495,346
Debt Service	6,032	-	-	-	-	6,032
TOTAL EXPENDITURES	11,748,466	-	1,115,671	-	2,210,228	15,074,365
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	363,205	-	(5,986)	75,248	(558,708)	(126,241)
OTHER FINANCING SOURCES (USES):						
Proceeds from Installment Debt	21,850	-	-	-	-	21,850
Operating Transfers In	944,214	-	25,000	-	352,428	1,321,642
Operating Transfers Out	(1,189,967)	(462,873)	-	(76,948)	(2,311)	(1,732,099)
TOTAL OTHER FINANCING SOURCES (USES)	(223,903)	(462,873)	25,000	(76,948)	350,117	(388,607)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	139,302	(462,873)	19,014	(1,700)	(208,591)	(514,848)
FUND BALANCES, JANUARY 1	9,257,835	3,841,242	3,723	34,207	2,333,974	15,470,981
FUND BALANCES, DECEMBER 31	\$ 9,397,137	\$ 3,378,369	\$ 22,737	\$ 32,507	\$ 2,125,383	\$ 14,956,133

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, 2012**

Net changes in fund balances - total governmental funds (514,848)

The change in net position 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	440,226
Depreciation Expense	(596,404)
Loss on Disposals	(15,987)

Issuance of installment loan/lease purchases provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. (21,850)

Repayment of debt principal is an expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position. 5,462

Increase in Other Post Employment Benefits (OPEB). (31,307)

Changes in net position of governmental activities \$ (734,708)

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities - Enterprise Funds			
	Major			Total
	100% Tax Payment	Medical Care Facility	Non-Major Enterprise Funds	
ASSETS:				
Current Assets				
Cash and Investments - Unrestricted	\$ 10,337,916	\$ 4,443,574	\$ 571,995	\$ 15,353,485
Cash and Investments - Restricted	-	13,688,072	-	13,688,072
Receivables:				
Accounts	-	1,372,561	78,298	1,450,859
Taxes	-	1,679,979	-	1,679,979
Delinquent Taxes	1,778,980	-	-	1,778,980
Interest and Penalties	520,634	-	-	520,634
Due from Other Governments	-	-	40,494	40,494
Other Assets	-	132,174	-	132,174
Third Party Payor - Settlements	-	100,750	-	100,750
Prepaid Expense	-	74,541	9,837	84,378
Inventory	-	-	38,939	38,939
Total Current Assets	12,637,530	21,491,651	739,563	34,868,744
Noncurrent Assets				
Capital Assets, Net of Accumulated Depreciation	-	8,556,551	3,286,731	11,843,282
TOTAL ASSETS	\$ 12,637,530	\$ 30,048,202	\$ 4,026,294	\$ 46,712,026
LIABILITIES:				
Current Liabilities				
Accounts Payable	\$ 256	\$ 2,134,161	\$ 83,990	\$ 2,218,407
Accrued Liabilities	-	856,873	14,128	871,001
Deferred Revenue	-	1,672,136	-	1,672,136
Bonds Payable	-	400,000	-	400,000
Total Current Liabilities	256	5,063,170	98,118	5,161,544
Noncurrent Liabilities				
Bonds Payable	-	13,200,000	-	13,200,000
TOTAL LIABILITIES	256	18,263,170	98,118	18,361,544
NET POSITION:				
Net Investment in Capital Assets	-	4,830,923	3,286,731	8,117,654
Restricted	1,060,920	413,230	-	1,474,150
Unrestricted	11,576,354	6,540,879	641,445	18,758,678
TOTAL NET POSITION	\$ 12,637,274	\$ 11,785,032	\$ 3,928,176	\$ 28,350,482

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Non-Major Enterprise Funds	
OPERATING REVENUES:				
Interest and Penalties on Taxes	\$ 505,296	\$ -	\$ -	\$ 505,296
Charges for Services	233,164	11,746,999	567,453	12,547,616
Sale of Properties at Tax Auction	207,709	-	-	207,709
Other Income	-	121,930	24,800	146,730
TOTAL REVENUES	946,169	11,868,929	592,253	13,407,351
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	-	8,760,394	844,384	9,604,778
Depreciation	-	290,197	394,643	684,840
Other Expenses	385,360	3,336,516	570,205	4,292,081
TOTAL EXPENSES	385,360	12,387,107	1,809,232	14,581,699
OPERATING INCOME (LOSS)	560,809	(518,178)	(1,216,979)	(1,174,348)
NON-OPERATING REVENUES (EXPENSES):				
Interest Earnings	19,204	28,171	1,296	48,671
Oil & Gas Royalties	-	-	2,852	2,852
Tax Levy	-	1,665,542	-	1,665,542
Restricted Donations/Income	-	3,623	-	3,623
Interest Expense	-	(113,349)	-	(113,349)
Gain (Loss) on Sale of Assets	-	-	10,283	10,283
Federal Grants	-	-	341,815	341,815
State Grants	-	-	376,981	376,981
TOTAL NON-OPERATING REVENUES (EXPENSES)	19,204	1,583,987	733,227	2,336,418
INCOME(LOSS) BEFORE OPERATING TRANSFERS	580,013	1,065,809	(483,752)	1,162,070
OPERATING TRANSFERS:				
Operating Transfers In	-	-	472,287	472,287
Operating Transfers Out	(61,830)	-	-	(61,830)
CHANGES IN NET POSITION	518,183	1,065,809	(11,465)	1,572,527
NET POSITION, JANUARY 1	12,119,091	10,719,223	3,939,641	26,777,955
NET POSITION, DECEMBER 31	\$ 12,637,274	\$ 11,785,032	\$ 3,928,176	\$ 28,350,482

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Non-Major Enterprise Funds	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ -	\$ 12,254,372	\$ 811,474	\$ 13,065,846
Cash Received from Sale of Taxes on Auction	207,709	-	-	207,709
Cash Payments for Goods and Services	(389,050)	(12,254,318)	(831,264)	(13,474,632)
Cash Received from Penalties and Interest on Delinquent Taxes	738,825	-	-	738,825
Cash Received from Other Sources	-	415,214	-	415,214
Cash Payment to Employees for Services/Fringe Benefits	-	-	(845,108)	(845,108)
Cash Received for Delinquent Taxes	3,213,106	-	-	3,213,106
Cash Payments for Delinquent Taxes	(3,152,741)	-	-	(3,152,741)
Net Cash Provided (Used) by Operating Activities	617,849	415,268	(864,898)	168,219
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	(61,830)	-	472,287	410,457
Proceeds from County Tax Levy	-	1,658,317	-	1,658,317
Contributions Received	-	3,623	-	3,623
Operating Grants Received	-	-	426,445	426,445
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(61,830)	1,661,940	898,732	2,498,842
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(4,104,120)	(369,823)	(4,473,943)
Capital Acquisition Grants - Received in Cash	-	-	292,351	292,351
Proceeds from Bonds	-	13,600,000	-	13,600,000
Interest Paid on Long-Term Debt	-	(113,349)	-	(113,349)
Financing Fees for Long-Term Debt	-	(136,000)	-	(136,000)
Proceeds from Sale of Property and Equipment	-	-	10,283	10,283
Net Cash Provided (Used) by Capital and Related Financing Activities	-	9,246,531	(67,189)	9,179,342
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchase of Assets Limited as to Use	-	312,500	-	312,500
Interest Earnings	19,204	28,171	1,296	48,671
Oil & Gas Royalties	-	-	2,852	2,852
Net Cash Provided (Used) by Investing Activities	19,204	340,671	4,148	51,523
Net Increase (Decrease) in Cash and Equivalents	575,223	11,664,410	(29,207)	11,897,926
Balances - Beginning of the Year	9,762,693	6,467,236	601,202	16,831,131
Balances - End of the Year	<u>\$ 10,337,916</u>	<u>\$ 18,131,646</u>	<u>\$ 571,995</u>	<u>\$ 29,041,557</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 560,809	\$ (518,178)	\$ (1,216,979)	\$ (1,174,348)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	294,023	394,643	688,666
Provision for Bad Debt	-	62,680	-	62,680
Loss on Disposal of Equipment	-	34,967	-	34,967
Change in Assets and Liabilities:				
Accounts Receivable	-	285,410	(2,634)	282,776
Due from Other Governments	-	-	221,855	221,855
Delinquent Taxes Receivable	60,365	-	-	60,365
Interest and Penalties Receivable	365	-	-	365
Settlements Payable	-	416,560	-	416,560
Inventory	-	-	(3,806)	(3,806)
Other Assets	-	22,640	(7,032)	15,608
Accounts Payable	(3,690)	(201,967)	(250,221)	(455,878)
Accrued Liabilities	-	-	(724)	(724)
Deferred Revenue	-	19,133	-	19,133
Net Cash Provided (Used) by Operating Activities	<u>\$ 617,849</u>	<u>\$ 415,268</u>	<u>\$ (864,898)</u>	<u>\$ 168,219</u>

**Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2012**

	<u>Agency Funds</u>
ASSETS:	
Cash and Investments - Unrestricted	\$ 769,099
TOTAL ASSETS	<u>\$ 769,099</u>
LIABILITIES:	
Due to Governmental Units	\$ 308,021
Undistributed Tax Collections	447,148
Other Liabilities	<u>13,930</u>
TOTAL LIABILITIES	<u>\$ 769,099</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 No. 61 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 and 61. 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 1420 Plaza Dr., 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 2012, Antrim County’s local match was \$145,611. Their financial statements are not required, under GASB No. 61, 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 86th 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 position 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 1st 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 2011 ad valorem tax is levied and collectible on December 1, 2011 and the 2012 ad valorem tax is levied and collectible on July 1, 2012, 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 2011 taxable valuation of Antrim County amounted to \$1,671,107,297 on which ad valorem taxes of .4000 mills for Commission on Aging and 1.0000 mills for Medical Care Facility were levied.

The 2011 current tax levied included \$663,387 for Commission on Aging and \$1,665,542 for Medical Care Facility. These taxes are recorded as revenue on County records in and for the year of 2012. The July 1, 2012 taxable valuation of the County of Antrim totaled \$1,674,140,308 on which ad valorem taxes levied consisted of 5.400 mills for the General Fund. This amount is recognized as revenue in the General Fund in and for the year ending 2012.

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 1st 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)

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 Position or Fund Balance:

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 – 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 June 5, 2013, 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 position. 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	\$ 14,350,864	\$ 15,353,485	\$ 29,704,349	\$ 769,099	\$ 1,205,796
Cash and Investments – Restricted	-	13,688,072	13,688,072	-	-
Total	<u>\$ 14,350,864</u>	<u>\$ 29,041,557</u>	<u>\$ 43,392,421</u>	<u>\$ 769,099</u>	<u>\$ 1,205,796</u>

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Investments	\$ 6,812,987	\$ -	\$ -
Bank Deposits (checking and savings accounts, certificates of deposit)	36,577,325	769,099	1,205,596
Petty Cash and Cash on Hand	<u>2,109</u>	<u>-</u>	<u>200</u>
Total	<u>\$ 43,392,421</u>	<u>\$ 769,099</u>	<u>\$ 1,205,796</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	\$ 3,004,117	\$ 3,004,117	\$ -	\$ -	N/A	44%
Mutual Funds	1,217	1,217	-	-	AAA	1%
Variable Income	<u>3,807,653</u>	<u>3,807,653</u>	<u>-</u>	<u>-</u>	N/A	<u>55%</u>
Total Investments	<u>\$ 6,812,987</u>	<u>\$ 6,812,987</u>	<u>\$ -</u>	<u>\$ -</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, \$37,325,014 of the County's bank balance of \$38,858,473 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 \$6,812,987 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:

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

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

- 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, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,172,082	\$ -	\$ -	\$ 11,172,082
<i>Capital assets being depreciated:</i>				
Buildings	9,278,640	-	-	9,278,640
Land Improvements	1,517,750	-	-	1,517,750
Machinery and Equipment	4,370,566	440,226	(111,700)	4,699,092
Subtotal	<u>15,166,956</u>	<u>440,226</u>	<u>(111,700)</u>	<u>15,495,482</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Less accumulated depreciation for:</i>				
Buildings	(3,860,595)	(165,762)	-	(4,026,357)
Land Improvements	(1,517,750)	-	-	(1,517,750)
Machinery and Equipment	<u>(2,687,758)</u>	<u>(430,642)</u>	<u>95,713</u>	<u>(3,022,687)</u>
Subtotal	<u>(8,066,103)</u>	<u>(596,404)</u>	<u>95,713</u>	<u>(8,566,794)</u>
Net Capital Assets Being Depreciated	<u>7,100,853</u>	<u>(156,178)</u>	<u>(15,987)</u>	<u>6,928,688</u>
Governmental Activities Capital Assets, Net of Depreciation	<u>\$ 18,272,935</u>	<u>\$ (156,178)</u>	<u>\$ (15,987)</u>	<u>\$ 18,100,770</u>

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

Governmental Activities:		
Judicial		\$ 36,928
General Government		201,952
Public Safety		272,731
Health and Welfare		58,678
Recreation and Culture		<u>26,115</u>
Total Depreciation – Governmental Activities		<u>\$ 596,404</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 336,254	\$ -	\$ -	\$ 336,254
Construction in Progress	<u>1,168,176</u>	<u>5,914,552</u>	<u>-</u>	<u>7,082,728</u>
Subtotal	<u>1,504,430</u>	<u>5,914,552</u>	<u>-</u>	<u>7,418,982</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	247,964	-	(70,159)	177,805
Buildings	5,811,853	90,225	(37,708)	5,864,370
Furniture, Fixtures, & Equipment	5,161,841	110,302	(3,756)	5,268,387
Vehicles	<u>1,605,055</u>	<u>246,757</u>	<u>(163,260)</u>	<u>1,688,552</u>
Subtotal	<u>12,826,713</u>	<u>447,284</u>	<u>(274,883)</u>	<u>12,999,114</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
<i>Less accumulated depreciation for:</i>				
Land Improvements	(183,493)	(11,973)	62,525	(132,941)
Building	(4,378,283)	(205,118)	11,080	(4,572,321)
Furniture, Fixtures, & Equipment	(2,895,412)	(290,728)	3,051	(3,183,089)
Vehicles	<u>(672,703)</u>	<u>(177,021)</u>	<u>163,260</u>	<u>(686,464)</u>
Subtotal	<u>(8,129,891)</u>	<u>(684,840)</u>	<u>239,916</u>	<u>(8,574,815)</u>
Net Capital Assets Being Depreciated	<u>4,696,822</u>	<u>(237,556)</u>	<u>(34,967)</u>	<u>4,424,299</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 6,201,252</u>	<u>\$ 5,676,996</u>	<u>\$ (34,967)</u>	<u>\$ 11,843,281</u>

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

Business-Type Activities:		
Medical Care Facility		\$ 290,197
Airport		161,888
Hydro Electric		25,566
Transportation		<u>207,189</u>
Total Business-Type Activities		<u>\$ 684,840</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	\$ 61,610	\$ -	\$ 119,860
Infrastructure and Land Improvements	<u>14,804,260</u>	<u>277,803</u>	<u>-</u>	<u>15,082,063</u>
Subtotal	<u>14,862,510</u>	<u>339,413</u>	<u>-</u>	<u>15,201,923</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,470,421	-	-	2,470,421
Road Equipment	5,891,349	549,878	(66,138)	6,375,089
Shop Equipment	162,581	5,374	(1,000)	166,955
Office Equipment	87,115	1,515	-	88,630
Engineer's Equipment	52,642	-	(1,663)	50,979
Yard and Storage Equipment	929,058	14,691	-	943,749
Infrastructure – Bridges	1,385,552	-	-	1,385,552
Infrastructure – Roads	<u>24,204,144</u>	<u>655,557</u>	<u>-</u>	<u>24,859,701</u>
Subtotal	<u>35,182,862</u>	<u>1,227,015</u>	<u>(68,801)</u>	<u>36,341,076</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Less accumulated depreciation:</i>				
Building	(994,554)	(54,368)	-	(1,048,922)
Road Equipment	(5,181,367)	(247,722)	63,665	(5,365,424)
Shop Equipment	(134,282)	(7,188)	1,000	(140,470)
Office Equipment	(70,372)	(6,181)	-	(76,553)
Engineer's Equipment	(45,724)	(1,980)	1,663	(46,041)
Yard and Storage Equipment	(918,731)	(3,005)	-	(921,736)
Infrastructure – Bridges	(670,800)	(39,885)	-	(710,685)
Infrastructure – Roads	<u>(13,701,527)</u>	<u>(1,417,907)</u>	<u>-</u>	<u>(15,119,434)</u>
Subtotal	<u>(21,717,357)</u>	<u>(1,778,236)</u>	<u>66,328</u>	<u>(23,429,265)</u>
Net Capital Assets Being Depreciated	<u>13,465,505</u>	<u>(551,221)</u>	<u>(2,473)</u>	<u>12,911,811</u>
Total Net Capital Assets	<u>\$ 28,328,015</u>	<u>\$ (211,808)</u>	<u>\$ (2,473)</u>	<u>\$ 28,113,734</u>

Depreciation expense was charged to operations as follows:

Primary Roads	\$ 688,350
Local Roads	769,442
Equipment	312,283
Administration	<u>8,161</u>
Total	<u>\$ 1,778,236</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 position/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					
		<u>General Funds</u>	<u>Revenue Sharing Reserve</u>	<u>Housing Project Income</u>	<u>Nonmajor Governmental</u>	<u>100% Tax Payment</u>	<u>Total</u>
TRANSFERS IN	General Funds	\$ 417,200	\$ 462,873	\$ -	\$ 2,311	\$ 61,830	\$ 944,214
	Services for Aged	25,000	-	-	-	-	25,000
	Nonmajor Governmental	275,480	-	76,948	-	-	352,428
	Nonmajor Enterprise	<u>472,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>472,287</u>
	Total	<u>\$ 1,189,967</u>	<u>\$ 462,873</u>	<u>\$ 76,948</u>	<u>\$ 2,311</u>	<u>\$ 61,830</u>	<u>\$ 1,793,929</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

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:

	<u>Balance</u> <u>01/01/12</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/12</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Installment contract secured by vehicle, due in in annual installments of \$6,032 through 2015, including interest of 4.522% due annually.	\$ -	21,850	5,462	16,388	5,463
Business-type Activities:					
General Obligation Limited Tax Bond Series 2012, (Medical Care Facility Project), Matures in varying annual amounts through 2030 and at interest rates ranging from 3% to 3.5%	-	13,600,000	-	13,600,000	400,000
Total Long-Term Debt	<u>\$ -</u>	<u>\$ 13,621,850</u>	<u>\$ 5,462</u>	<u>\$ 13,616,388</u>	<u>\$ 405,463</u>

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

<u>Year End December 31</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 5,463	\$ 750	\$ 400,000	\$ 427,625
2014	5,463	511	500,000	414,125
2015	5,462	261	500,000	399,125
2016	-	-	500,000	384,125
2017	-	-	500,000	369,125
2018-2022	-	-	2,950,000	1,594,375
2023-2027	-	-	4,350,000	1,062,563
Thereafter	-	-	3,900,000	211,000
Total	<u>\$ 16,388</u>	<u>\$ 1,522</u>	<u>\$ 13,600,000</u>	<u>\$ 4,862,063</u>

Component Unit

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

	Balance 01/01/12	Increases	Decreases	Balance 12/31/12	Due Within One Year
General Obligation:					
Compensated Absences	\$ 140,208	\$ -	\$ (1,830)	\$ 138,378	\$ -
Post Employment Health Care (OPEB)	<u>173,853</u>	<u>55,339</u>	<u>-</u>	<u>229,192</u>	<u>-</u>
Total	<u>\$ 314,061</u>	<u>\$ 55,339</u>	<u>\$ (1,830)</u>	<u>\$ 367,570</u>	<u>\$ -</u>

Compensated absences are for accumulated personal, sick and vacation days. At December 31, 2012 the total accumulated liability was \$138,378.

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, 2011.

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.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The contribution rate as a percentage of payroll at December 31, 2012 is as follows:

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

Annual Pension Cost

During the calendar year ended December 31, 2012, the County’s contributions totaled \$1,069,836 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, 2011, 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>
2010	\$ 987,132	100%	0
2011	1,024,032	100%	0
2012	1,069,836	100%	0

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, on a voluntary basis to the State’s local government employees in the efficient and effective manner possible. As such, MERS is a non-profit entity 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 taxpayers and the public employees who are its beneficiaries.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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, 2011.

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, 2011 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 27 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Actuarial Accrued Liability

The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 2011. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increase of 0.0% to 4.2% per year depending on age, attributable to seniority/merit and (c) 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.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The Road Commission was required to contribute \$445,465 for the year ended December 31, 2012. 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>
2010	\$ 410,124	100%	0
2011	420,276	100%	0
2012	445,465	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.

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:

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

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>(4,800)</u>
Increase in Net OPEB Obligation	31,307
Net OPEB Obligation Beginning of Year	<u>96,355</u>
Net OPEB Obligation End of Year	<u>\$ 127,662</u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2010, 2011 and 2012 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>
2010	\$ 37,241	27.1%	\$ 69,298
2011	36,107	24.9%	96,355
2012	36,107	13.3%	127,662

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 2012 the County contributed \$4,800 to the Plan.

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

As of December 31, 2010, the actuarial accrued liability for benefits was \$272,090 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.

Assumptions About Healthcare Costs: The 2012 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.

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

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	978,361
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>
Annual Cost for OPEB	
Annual Required Contribution	<u>\$ 106,909</u>
Annual OPEB Cost	106,909
Contributions Made – Current Year	<u>(51,570)</u>
Increase in Net OPEB Obligation	55,339
Net OPEB Obligation Beginning of Year	<u>173,853</u>
Net OPEB Obligation End of Year	<u>\$ 229,192</u>

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

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 \$51,570. There were 33 active employees at December 31, 2012.

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.

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, 2012 there were no claims that exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

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

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.

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 18 - RELATED PARTY

The Masonry contract for the Meadow Brook Renovation project was awarded to Edgar Boettcher Mason Contractor Inc. for \$902,000. The owner also is a County Commissioner for Antrim County. In fiscal year 2012, \$425,815 was paid for work performed in accordance with the contract awarded.

NOTE 19 - CHANGE IN PRESENTATION

During 2012, the entity implemented Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that was included in Financial Accounting Standards Board and predecessor organization’s pronouncements issued on or before November 30, 1989, which do not conflict with or contradict GASB pronouncements, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. There were no significant changes to the financial statements as a result of adopting these Statements. The County did not adopt provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Effects on the financial statements as a result of adopting this standard are limited to financial presentation.

NOTE 20 - 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</u> <u>Appropriations</u>		<u>Amount of</u> <u>Expenditures</u>		<u>Budget</u> <u>Variance</u>
General Fund:					
Capital Outlay	\$ 239,918	\$	256,994	\$	(17,076)
Services for Aged:					
Health and Welfare	1,101,159		1,115,671		(14,512)
Housing Project Income:					
Operating Transfers Out	65,000		76,948		(11,948)

Required Supplementary Information

Pension:

Primary Government

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

	2009	2010	2011
Actuarial Value of Assets	\$ 23,829,090	\$ 25,204,532	\$ 26,428,773
Actuarial Accrued Liability	28,062,295	29,723,527	31,456,078
Unfunded AAL	4,233,205	4,518,995	5,027,305
Funded Ratio	85%	85%	84%
Covered Payroll	11,334,209	11,407,938	11,397,404
UAAL as a Percentage of Covered Payroll	37%	40%	44%

Road Commission – Component Unit

	2009	2010	2011
Actuarial Value of Assets	\$ 6,328,466	\$ 6,379,544	\$ 6,415,349
Actuarial Accrued Liability	11,404,567	11,631,035	12,061,908
Unfunded AAL	5,076,101	5,251,491	5,646,559
Funded Ratio	55%	55%	53%
Covered Payroll	1,474,209	1,479,712	1,244,877
UAAL as a Percentage of Covered Payroll	344%	355%	454%

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)
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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	-
2011	\$	-	\$ 978,361	\$ 978,361	0.0%	Not Available	-

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and Penalties	\$ 10,016,104	\$ 10,082,604	\$ 9,084,482	\$ (998,122)
Licenses and Permits	163,800	168,100	163,498	(4,602)
Federal Grants	79,000	79,000	97,197	18,197
State Grants	828,060	871,231	737,521	(133,710)
Charges for Services	1,091,860	1,317,110	1,217,195	(99,915)
Fines & Forfeits	2,500	5,500	3,800	(1,700)
Interest & Rents	287,740	329,040	279,321	(49,719)
Other Revenues	208,725	356,054	528,657	172,603
TOTAL REVENUES	12,677,789	13,208,639	12,111,671	(1,096,968)
EXPENDITURES:				
Legislative:				
Board of Commissioners	241,348	245,948	214,977	30,971
Insurance	7,380	7,380	7,314	66
Total Legislative	248,728	253,328	222,291	31,037
Judicial:				
Circuit Court	416,589	424,139	398,728	25,411
Family Court	506,791	508,993	454,832	54,161
Family Court Detention Service	19,000	19,000	13,151	5,849
Circuit Court Probation	4,000	4,074	2,090	1,984
District Court	595,939	595,939	572,336	23,603
Friend of the Court	105,000	105,000	81,585	23,415
Probate Court	311,479	315,279	278,329	36,950
Jury Commission	8,692	8,692	2,858	5,834
Insurance	61,955	61,955	61,405	550
Total Judicial	2,029,445	2,043,071	1,865,314	177,757
General Government:				
County Administrator	246,520	247,736	228,742	18,994
Accountant	74,565	75,656	55,679	19,977
Budget	64,781	70,994	103,574	(32,580)
Clerk	429,159	421,619	420,640	979
Communications Department	126,800	126,800	112,380	14,420
Computer	208,844	232,484	159,788	72,696
Information Technology Transition	-	33,143	7,667	25,476
GIS Implementation	8,000	8,000	3,405	4,595
Purchasing	50,724	53,839	36,541	17,298
Treasurer	259,613	262,560	246,532	16,028
Equalization	236,358	252,802	232,343	20,459
MSU Extension	156,552	158,702	149,892	8,810
Elections	53,411	90,361	71,951	18,410
Grove Street Anex	15,150	15,150	11,420	3,730
Courthouse	117,816	118,066	109,878	8,188
County Building and Grounds	506,715	520,415	463,656	56,759
Prosecuting Attorney	518,788	520,688	489,286	31,402
Register of Deeds	232,586	233,679	221,028	12,651
Microfilm	19,550	19,877	6,386	13,491
Victims' Rights	29,614	66,786	39,415	27,371
Prosecuting Attorney Child Support IVD	39,409	49,327	31,864	17,463
Drain Commissioner	32,847	36,672	27,168	9,504
Abstract	159,618	150,534	139,557	10,977
Survey and Remonumentation	37,000	37,000	33,592	3,408
Insurance	125,386	125,386	124,272	1,114
Fringe Benefits	115,650	115,650	49,395	66,255
Other	555,328	550,132	197,190	352,942
Total General Government	4,420,784	4,594,058	3,773,241	820,817

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	2,847,476	2,980,032	2,879,253	100,779
Marine Safety	148,049	149,265	136,576	12,689
Secondary Road Patrol	207,568	212,268	131,274	80,994
Jail	426,836	448,606	449,661	(1,055)
Emergency Services	60,703	61,803	50,320	11,483
Gun Board	600	1,000	282	718
Animal Control	187,188	187,983	172,823	15,160
Insurance	132,988	132,988	131,806	1,182
Fringe Benefits	115,650	115,650	49,396	66,254
Total Public Safety	4,127,058	4,289,595	4,001,391	288,204
Public Works:				
Dams	8,410	27,455	20,280	7,175
Insurance	701	701	695	6
Total Public Works	9,111	28,156	20,975	7,181
Health & Welfare:				
Health Department/Mental Health/Medical Examiner	525,548	525,548	539,218	(13,670)
Agency on Aging	117,423	117,523	123,970	(6,447)
Welfare	3,520	6,220	5,345	875
Housing	107,147	107,251	61,433	45,818
Veterans' Affairs	64,186	66,042	59,735	6,307
County-Wide Recycling	299,800	299,800	279,059	20,741
Soldiers Relief	55,000	55,000	31,994	23,006
Insurance	27,491	27,491	27,246	245
Total Health and Welfare	1,200,115	1,204,875	1,128,000	76,875
Community and Economic Development:				
Resource Recovery	24,669	24,669	10,847	13,822
Planning Commission	9,830	9,830	8,931	899
Planner/Coordinator	69,119	70,394	62,443	7,951
EDC	7,682	7,682	1,061	6,621
Insurance	4,649	4,649	4,608	41
Other	70,613	70,613	70,613	-
Total Community and Economic Development	186,562	187,837	158,503	29,334
Recreation and Culture				
Parks Commission	5,134	5,134	1,010	4,124
Parks	232,982	236,359	226,242	10,117
Park Fund Raiser	500	500	452	48
Parks - Antrim Creek	19,344	19,144	7,959	11,185
Grass River	68,850	69,250	60,687	8,563
Insurance	8,450	8,450	8,375	75
Fringe Benefits	-	-	-	-
Other	11,000	11,000	11,000	-
Total Recreation and Culture	346,260	349,837	315,725	34,112
Capital Outlay	146,880	239,918	256,994	(17,076)
Debt Service:				
Principal	5,600	5,600	5,462	138
Interest Expense	600	600	570	30
Total Debt Service	6,200	6,200	6,032	168
TOTAL EXPENDITURES	12,721,143	13,196,875	11,748,466	1,448,409

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS OF REVENUES OVER EXPENDITURES	(43,354)	11,764	363,205	351,441
OTHER FINANCING SOURCES (USES):				
Proceeds from Installment Debt	-	-	21,850	21,850
Operating Transfers In	864,700	891,423	944,214	52,791
Operating Transfers Out	(1,261,595)	(1,336,595)	(1,189,967)	146,628
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (440,249)</u>	<u>\$ (433,408)</u>	139,302	<u>\$ 572,710</u>
FUND BALANCES, JANUARY 1			9,257,835	
FUND BALANCES, DECEMBER 31			\$ 9,397,137	

**Required Supplementary Information
Budgetary Comparison Schedule
Revenue Sharing Reserve Fund
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(450,000)	(462,873)	(462,873)	-
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	\$ (450,000)	\$ (462,873)	(462,873)	\$ -
FUND BALANCE, JANUARY 1			3,841,242	
FUND BALANCE, DECEMBER 31			\$ 3,378,369	

**Required Supplementary Information
Budgetary Comparison Schedule
Services for Aged
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 671,041	\$ 627,182	\$ 663,387	\$ 36,205
Federal Sources	74,195	71,140	105,439	34,299
State Sources	91,749	99,607	99,607	-
Charges for Services	274,025	281,148	219,646	(61,502)
Interest and Rents	4,000	4,000	5,490	1,490
Other Revenue	15,615	15,615	16,116	501
TOTAL REVENUES	1,130,625	1,098,692	1,109,685	10,993
EXPENDITURES:				
Health & Welfare	1,076,068	1,101,159	1,115,671	(14,512)
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	1,076,068	1,101,159	1,115,671	(14,512)
EXCESS OF REVENUES (EXPENDITURES)	54,557	(2,467)	(5,986)	(3,519)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	25,000	25,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 54,557</u>	<u>\$ (2,467)</u>	19,014	<u>\$ 21,481</u>
FUND BALANCE, JANUARY 1			<u>3,723</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 22,737</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Housing Project Income
For the Year Ended December 31, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest and Rents	\$ 4,520	\$ 4,920	\$ 4,526	\$ (394)
Other Revenue	34,000	49,500	70,722	21,222
TOTAL REVENUES	<u>38,520</u>	<u>54,420</u>	<u>75,248</u>	<u>20,828</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	-	(65,000)	(76,948)	(11,948)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 38,520</u>	<u>\$ (10,580)</u>	(1,700)	<u>\$ 8,880</u>
FUND BALANCE, JANUARY 1			<u>34,207</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 32,507</u>	

Other Information

County of Antrim, Michigan

**Combining Balance Sheet
General Funds
December 31, 2012**

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal	Information Technology Transition	Grass River
ASSETS:									
Cash & Investments	\$ 6,006,474	\$ 109,396	\$ 637,948	\$ 116,464	\$ 56,418	\$ 560,467	\$ 138	\$ 150,658	\$ 48,756
Receivables:									
Taxes	706,375	-	-	-	-	-	-	-	-
Accounts	74,265	-	-	-	-	-	-	-	-
Due From Other Governmental Units	245,742	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 7,032,856</u>	<u>\$ 109,396</u>	<u>\$ 637,948</u>	<u>\$ 116,464</u>	<u>\$ 56,418</u>	<u>\$ 560,467</u>	<u>\$ 138</u>	<u>\$ 150,658</u>	<u>\$ 48,756</u>
LIABILITIES:									
Accounts Payable	\$ 353,928	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,035	\$ 24
Accrued Liabilities	109,417	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>463,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,035</u>	<u>24</u>
FUND BALANCES:									
Restricted	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	138	-	48,732
Assigned	-	109,398	637,948	116,464	56,418	260,467	-	140,923	-
Unassigned	6,569,511	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>6,569,511</u>	<u>109,398</u>	<u>637,948</u>	<u>116,464</u>	<u>56,418</u>	<u>260,467</u>	<u>138</u>	<u>140,923</u>	<u>48,732</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,032,856</u>	<u>\$ 109,398</u>	<u>\$ 637,948</u>	<u>\$ 116,464</u>	<u>\$ 56,418</u>	<u>\$ 260,467</u>	<u>\$ 138</u>	<u>\$ 150,958</u>	<u>\$ 48,756</u>

County of Antrim, Michigan

Combining Balance Sheet General Funds December 31, 2012

	County-Wide Recycling	Park River Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant	Soldier's Relief	Self-Insured Reserve	Capital Project Building & Structures	Totals
ASSETS:									
Cash & Investments	\$ 111,057	\$ 4,833	\$ 25,722	\$ 662,376	\$ 7,740	\$ 22,460	\$ 278,116	\$ 368,216	\$ 9,167,239
Receivables:									
Taxes	-	-	-	-	-	-	-	-	706,375
Accounts	-	-	-	-	-	-	-	-	74,265
Due From Other Governmental Units	-	-	-	-	-	-	-	-	245,742
TOTAL ASSETS	<u>\$ 111,057</u>	<u>\$ 4,833</u>	<u>\$ 25,722</u>	<u>\$ 662,376</u>	<u>\$ 7,740</u>	<u>\$ 22,460</u>	<u>\$ 278,116</u>	<u>\$ 368,216</u>	<u>\$ 10,193,621</u>
LIABILITIES:									
Accounts Payable	\$ 22,372	\$ -	\$ 1,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 387,369
Due to Other Governmental Units	-	-	-	-	-	-	-	-	109,417
TOTAL LIABILITIES	<u>22,372</u>	<u>-</u>	<u>1,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,786</u>
FUND BALANCES:									
Restricted	-	-	-	-	-	-	-	368,216	368,216
Committed	88,685	-	-	-	-	-	-	-	137,555
Assigned	-	4,833	24,712	662,376	7,740	22,460	278,116	-	2,321,855
Unassigned	-	-	-	-	-	-	-	-	6,569,511
TOTAL FUND BALANCES	<u>88,685</u>	<u>4,833</u>	<u>24,712</u>	<u>662,376</u>	<u>7,740</u>	<u>22,460</u>	<u>278,116</u>	<u>368,216</u>	<u>9,397,137</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 111,057</u>	<u>\$ 4,833</u>	<u>\$ 25,722</u>	<u>\$ 662,376</u>	<u>\$ 7,740</u>	<u>\$ 22,460</u>	<u>\$ 278,116</u>	<u>\$ 368,216</u>	<u>\$ 9,893,923</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2012**

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal	Information Technology Transition	Grass River
REVENUES:									
Taxes	\$ 9,084,482	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	163,498	-	-	-	-	-	-	-	-
Federal Sources	97,197	-	-	-	-	-	-	-	-
State Sources	737,521	-	-	-	-	-	-	-	-
Charges for Services	1,216,486	-	-	-	-	-	-	-	-
Fines and Forfeitures	3,800	-	-	-	-	-	-	-	-
Interest and Rents	273,468	216	1,372	224	111	454	1	297	103
Other Revenue	496,161	-	-	-	-	-	-	-	-
TOTAL REVENUES	12,072,613	216	1,372	224	111	454	1	297	103
EXPENDITURES:									
Legislative	222,291	-	-	-	-	-	-	-	-
Judicial	1,865,314	-	-	-	-	-	-	-	-
General Government	3,762,169	-	-	-	-	-	-	7,667	-
Public Safety	4,001,391	-	-	-	-	-	-	-	-
Public Works	20,975	-	-	-	-	-	-	-	-
Health and Welfare	816,947	-	-	-	-	-	-	-	-
Community/Economic Development	158,503	-	-	-	-	-	-	-	-
Recreation and Cultural	254,586	-	-	-	-	-	-	-	60,687
Debt Service	6,032	-	-	-	-	-	-	-	-
Capital Outlay	201,874	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,310,082	-	-	-	-	-	-	7,667	60,687
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	762,531	216	1,372	224	111	454	1	(7,370)	(60,584)
OTHER FINANCING SOURCES (USES):									
Proceeds from Issuance of Debt	21,850	-	-	-	-	-	-	-	-
Operating Transfers In	527,014	-	-	-	-	-	-	12,500	60,300
Operating Transfers Out	(1,111,967)	-	(78,000)	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	199,428	216	(76,628)	224	111	454	1	5,130	(284)
FUND BALANCES, JANUARY 1	6,370,083	109,182	714,576	116,240	56,307	260,013	137	135,793	49,016
FUND BALANCES, DECEMBER 31	\$ 6,569,511	\$ 109,398	\$ 637,948	\$ 116,464	\$ 56,418	\$ 260,467	\$ 138	\$ 140,923	\$ 48,732

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2012**

	County-Wide Recycling	Park River Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant Fund	Soldier's Relief	Self-Insured Reserve	Capital Project Buildings & Structures	Totals
REVENUES:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,084,482
Licenses and Permits	-	-	-	-	-	-	-	-	163,498
Federal Sources	-	-	-	-	-	-	-	-	97,197
State Sources	-	-	-	-	-	-	-	-	737,521
Charges for Services	-	-	709	-	-	-	-	-	1,217,195
Fines and Forfeitures	-	-	-	-	-	-	-	-	3,800
Interest and Rents	379	7	54	1,309	16	-	549	761	279,321
Other Revenue	-	2,288	-	-	-	1,923	-	28,285	528,657
TOTAL REVENUES	379	2,295	763	1,309	16	1,923	549	29,046	12,111,671
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	222,291
Judicial	-	-	-	-	-	-	-	-	1,865,314
General Government	-	-	3,405	-	-	-	-	55,120	3,828,361
Public Safety	-	-	-	-	-	-	-	-	4,001,391
Public Works	-	-	-	-	-	-	-	-	20,975
Health and Welfare	279,059	-	-	-	-	31,994	-	-	1,128,000
Community/Economic Development	-	-	-	-	-	-	-	-	158,503
Recreation and Cultural	-	452	-	-	-	-	-	-	315,725
Debt Service	-	-	-	-	-	-	-	-	6,032
Capital Outlay	-	-	-	-	-	-	-	-	201,874
TOTAL EXPENDITURES	279,059	452	3,405	-	-	31,994	-	55,120	11,748,466
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(278,680)	1,843	(2,642)	1,309	16	(30,071)	549	(26,074)	363,205
OTHER FINANCING SOURCES (USES):									
Proceeds from Issuance of Debt	-	-	-	-	-	-	-	-	21,850
Operating Transfers In	299,400	-	-	-	-	45,000	-	-	944,214
Operating Transfers Out	-	-	-	-	-	-	-	-	(1,189,967)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	20,720	1,843	(2,642)	1,309	16	14,929	549	(26,074)	139,302
FUND BALANCES, JANUARY 1	67,965	2,990	27,354	661,067	7,724	7,531	277,567	394,290	9,257,835
FUND BALANCES, DECEMBER 31	\$ 88,685	\$ 4,833	\$ 24,712	\$ 662,376	\$ 7,740	\$ 22,460	\$ 278,116	\$ 368,216	\$ 9,397,137

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	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
ASSETS:								
Cash and Investments - Unrestricted	\$ 8,395	\$ 419,219	\$ 490	\$ 11,451	\$ 10,804	\$ 190,551	\$ 3,038	\$ 61,141
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	3,960	-	-	-	6,069	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,395</u>	<u>\$ 423,179</u>	<u>\$ 490</u>	<u>\$ 11,451</u>	<u>\$ 10,804</u>	<u>\$ 196,620</u>	<u>\$ 3,038</u>	<u>\$ 61,141</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 160	\$ -
Accrued Liabilities	-	-	-	-	-	3,000	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>160</u>	<u>-</u>
FUND BALANCE:								
Restricted	8,395	-	490	11,451	10,804	-	-	-
Committed	-	-	-	-	-	-	-	61,141
Assigned	-	-	-	-	-	-	2,878	-
Unassigned	-	423,179	-	-	-	193,620	-	-
TOTAL FUND BALANCES	<u>8,395</u>	<u>423,179</u>	<u>490</u>	<u>11,451</u>	<u>10,804</u>	<u>193,620</u>	<u>2,878</u>	<u>61,141</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,395</u>	<u>\$ 423,179</u>	<u>\$ 490</u>	<u>\$ 11,451</u>	<u>\$ 10,804</u>	<u>\$ 196,620</u>	<u>\$ 3,038</u>	<u>\$ 61,141</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

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
ASSETS:								
Cash and Equivalents	\$ 26,552	\$ 232,986	\$ 13,257	\$ -	\$ 36,560	\$ 16,365	\$ 161,045	\$ 225,257
Receivables:								
Taxes	-	-	-	-	-	-	455,378	-
Accounts	-	-	-	-	-	-	101,985	-
Due From Other Governmental Units	-	-	-	-	-	-	-	35,443
TOTAL ASSETS	\$ 26,552	\$ 232,986	\$ 13,257	\$ -	\$ 36,560	\$ 16,365	\$ 718,408	\$ 260,700
LIABILITIES:								
Accounts Payable	\$ -	\$ 2,250	\$ -	\$ -	\$ 4,016	\$ -	\$ 80	\$ 4,985
Accrued Liabilities	-	5,185	-	-	-	-	12,615	-
Deferred Revenue	-	-	-	-	-	-	455,378	-
TOTAL LIABILITIES	-	7,435	-	-	4,016	-	468,073	4,985
FUND BALANCE:								
Restricted	-	225,551	-	-	32,544	16,365	250,335	255,715
Committed	26,552	-	13,257	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	26,552	225,551	13,257	-	32,544	16,365	250,335	255,715
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,552	\$ 232,986	\$ 13,257	\$ -	\$ 36,560	\$ 16,365	\$ 718,408	\$ 260,700

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Special Revenue Funds							
	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant	Probate Grant
ASSETS:								
Cash and Equivalents	\$ 31,899	\$ 11,726	\$ 50	\$ 16,463	\$ 13,413	\$ 13,400	\$ 4,270	\$ 2,418
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	415
TOTAL ASSETS	\$ 31,899	\$ 11,726	\$ 50	\$ 16,463	\$ 13,413	\$ 13,400	\$ 4,270	\$ 2,833
LIABILITIES:								
Accounts Payable	\$ 1,435	\$ -	\$ -	\$ -	\$ 1,621	\$ -	\$ 1,891	\$ -
Accrued Liabilities	-	-	-	-	-	-	739	283
Deferred Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	1,435	-	-	-	1,621	-	2,630	283
FUND BALANCE:								
Restricted	30,464	-	50	16,463	11,792	-	1,640	2,550
Committed	-	11,726	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	13,400	-	-
TOTAL FUND BALANCES	30,464	11,726	50	16,463	11,792	13,400	1,640	2,550
TOTAL LIABILITIES AND FUND BALANCES	\$ 31,899	\$ 11,726	\$ 50	\$ 16,463	\$ 13,413	\$ 13,400	\$ 4,270	\$ 2,833

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Special Revenue Funds							Debt Service Fund
	Housing CDBG Grant 03/04	Housing CDBG Grant 05/06	Emergency Services LEPC Grant	Child Care	Veteran's Trust	Meadow View Senior Housing	Meadow Brook Project Debt	2005 Courthouse
ASSETS:								
Cash and Equivalents	\$ 8,610	\$ 57	\$ 3,476	\$ 161,619	\$ 777	\$ 13,363	\$ 99,795	\$ 10,982
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	321	-	-
Due From Other Governmental Units	-	-	-	8,675	-	-	-	-
TOTAL ASSETS	<u>\$ 8,610</u>	<u>\$ 57</u>	<u>\$ 3,476</u>	<u>\$ 170,294</u>	<u>\$ 777</u>	<u>\$ 13,684</u>	<u>\$ 99,795</u>	<u>\$ 10,982</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 7,942	\$ -	\$ 7,435	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	2,600	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,942</u>	<u>-</u>	<u>10,035</u>	<u>-</u>	<u>-</u>
FUND BALANCE:								
Restricted	8,610	57	3,476	162,352	777	-	99,795	10,982
Committed	-	-	-	-	-	3,649	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>8,610</u>	<u>57</u>	<u>3,476</u>	<u>162,352</u>	<u>777</u>	<u>3,649</u>	<u>99,795</u>	<u>10,982</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,610</u>	<u>\$ 57</u>	<u>\$ 3,476</u>	<u>\$ 170,294</u>	<u>\$ 777</u>	<u>\$ 13,684</u>	<u>\$ 99,795</u>	<u>\$ 10,982</u>

	Capital Project Fund Grass River N A Interpretive Center	Total
ASSETS:		
Cash and Equivalents	\$ 215,323	\$ 2,024,752
Receivables:		
Taxes	-	455,378
Accounts	-	112,335
Due From Other Governmental Units	-	44,533
	<u>\$ 215,323</u>	<u>\$ 2,636,998</u>
TOTAL ASSETS		
LIABILITIES:		
Accounts Payable	\$ -	\$ 31,815
Accrued Liabilities	-	24,422
Deferred Revenue	-	455,378
	<u>-</u>	<u>511,615</u>
TOTAL LIABILITIES		
FUND BALANCE:		
Restricted	215,323	1,375,981
Committed	-	116,325
Assigned	-	2,878
Unassigned	-	630,199
	<u>215,323</u>	<u>2,125,383</u>
TOTAL FUND BALANCES		
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 215,323</u>	<u>\$ 2,636,998</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	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	-	5,250	-	-	-	-	-	-
Charges for Services	-	-	6,450	-	-	26,363	-	-
Fines & Forfeits	-	-	-	-	-	-	-	-
Interest & Rents	16	794	-	37	18	377	7	112
Other Revenue	75	33,058	60	-	5,050	-	4,826	12,419
TOTAL REVENUES	91	39,102	6,510	37	5,068	26,740	4,833	12,531
EXPENDITURES:								
Judicial	-	-	6,030	-	-	-	-	-
General Government	-	-	-	11,130	-	15,260	-	-
Public Safety	-	-	-	-	1,932	-	-	-
Health And Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	5,230	3,110
Interst Expense	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	6,030	11,130	1,932	15,260	5,230	3,110
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	91	39,102	480	(11,093)	3,136	11,480	(397)	9,421
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	500	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	91	39,102	480	(11,093)	3,136	11,480	103	9,421
FUND BALANCES, BEGINNING OF YEAR	8,304	384,077	10	22,544	7,668	182,140	2,775	51,720
FUND BALANCES, END OF YEAR	\$ 8,395	\$ 423,179	\$ 490	\$ 11,451	\$ 10,804	\$ 193,620	\$ 2,878	\$ 61,141

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	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	\$ -	\$ 435,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	5,845	-
State	-	-	-	-	-	10,057	-	143,751
Local	-	-	-	-	-	-	-	-
Charges for Services	-	702	-	-	-	-	504,184	-
Fines & Forfeits	-	-	-	-	51,400	-	-	-
Interest & Rents	-	251	18	3	-	31	468	449
Other Revenue	25,000	635	-	2,308	81	-	1,416	-
TOTAL REVENUES	25,000	437,276	18	2,311	51,481	10,088	511,913	144,200
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	345,948	-	-	51,979	9,066	577,196	71,219
Health And Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	18,271	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	79,179	159,173
TOTAL EXPENDITURES	18,271	345,948	-	-	51,979	9,066	656,375	230,392
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,729	91,328	18	2,311	(498)	1,022	(144,462)	(86,192)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	43,480	-	-	-	-	-	-
Operating Transfers Out	-	-	-	(2,311)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	6,729	134,808	18	-	(498)	1,022	(144,462)	(86,192)
FUND BALANCES, BEGINNING OF YEAR	19,823	90,743	13,239	-	33,042	15,343	394,797	341,907
FUND BALANCES, END OF YEAR	<u>\$ 26,552</u>	<u>\$ 225,551</u>	<u>\$ 13,257</u>	<u>\$ -</u>	<u>\$ 32,544</u>	<u>\$ 16,365</u>	<u>\$ 250,335</u>	<u>\$ 255,715</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

Special Revenue Funds

	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant	Probate Grant
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	4,145	-	-	23,670	-
Local	-	-	-	-	-	13,400	-	10,174
Charges for Services	8,886	26,293	-	-	-	-	-	-
Fines & Forfeits	-	-	-	-	3,500	-	-	-
Interest & Rents	64	22	-	-	38	-	-	-
Other Revenue	-	-	-	-	96	-	279	-
TOTAL REVENUES	8,950	26,315	-	4,145	3,634	13,400	23,949	10,174
EXPENDITURES:								
Judicial	-	-	-	-	23,042	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	10,642	25,452	-	-	-	-	48,377	-
Health And Welfare	-	-	-	-	-	-	-	12,681
Recreation and Culture	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	10,642	25,452	-	-	23,042	-	48,377	12,681
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,692)	863	-	4,145	(19,408)	13,400	(24,428)	(2,507)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	17,500	-	14,000	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,692)	863	-	4,145	(1,908)	13,400	(10,428)	(2,507)
FUND BALANCES, BEGINNING OF YEAR	32,156	10,863	50	12,318	13,700	-	12,068	5,057
FUND BALANCES, END OF YEAR	\$ 30,464	\$ 11,726	\$ 50	\$ 16,463	\$ 11,792	\$ 13,400	\$ 1,640	\$ 2,550

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Special Revenue Funds							Debt Service Fund
	Housing CDBG Grant 03/04	Housing CDBG Grant 05/06	Emergency Services LEPC Grant	Child Care	Veteran's Trust	Meadow View Senior Housing	Meadow Brook Project Debt	2005 Courthouse
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	25,554	-	1,240	-	-	-	-	-
State	-	-	-	117,457	1,668	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	16,078	-	-	-	-
Fines & Forfeits	-	-	-	-	-	-	-	-
Interest & Rents	-	-	-	-	-	97,378	514	25
Other Revenue	-	-	-	23,840	-	-	-	-
TOTAL REVENUES	25,554	-	1,240	157,375	1,668	97,378	514	25
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	350	-	-	-	-	-
Health And Welfare	101,698	-	-	283,777	1,027	117,503	100,000	-
Recreation and Culture	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	113,350	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	101,698	-	350	283,777	1,027	117,503	213,350	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(76,144)	-	890	(126,402)	641	(20,125)	(212,836)	25
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	76,948	-	-	200,000	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	804	-	890	73,598	641	(20,125)	(212,836)	25
FUND BALANCES, BEGINNING OF YEAR	7,806	57	2,586	88,754	136	23,774	312,631	10,957
FUND BALANCES, END OF YEAR	<u>\$ 8,610</u>	<u>\$ 57</u>	<u>\$ 3,476</u>	<u>\$ 162,352</u>	<u>\$ 777</u>	<u>\$ 3,649</u>	<u>\$ 99,795</u>	<u>\$ 10,982</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	<u>Capital Project Fund</u>	
	<u>Grass River N A Interpretive Center</u>	<u>Total</u>
REVENUES:		
Licenses and Permits	\$ -	\$ 435,688
Federal	-	32,639
State	-	300,748
Local	-	28,824
Charges for Services	-	588,956
Fines & Forfeits	-	54,900
Interest & Rents	-	100,622
Other Revenue	-	109,143
	<u>-</u>	<u>1,651,520</u>
TOTAL REVENUES	-	1,651,520
EXPENDITURES:		
Judicial	-	29,072
General Government	-	26,390
Public Safety	-	1,142,161
Health And Welfare	-	616,686
Recreation and Culture	17,606	44,217
Interest Expense	-	113,350
Capital Outlay	-	238,352
	<u>17,606</u>	<u>2,210,228</u>
TOTAL EXPENDITURES	17,606	2,210,228
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(17,606)	(558,708)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	-	352,428
Operating Transfers Out	-	(2,311)
	<u>-</u>	<u>(2,311)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(17,606)	(208,591)
FUND BALANCES, BEGINNING OF YEAR	<u>232,929</u>	<u>2,333,974</u>
FUND BALANCES, END OF YEAR	<u>\$ 215,323</u>	<u>\$ 2,125,383</u>

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2012**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
ASSETS:				
Current Assets:				
Cash and Investments - Unrestricted	\$ 130,346	\$ 306,123	\$ 135,526	\$ 571,995
Accounts Receivables	28,595	-	49,703	78,298
Due From Other Governments	-	-	40,494	40,494
Prepaid Expenses	-	-	9,837	9,837
Inventories	-	-	38,939	38,939
Total Current Assets	158,941	306,123	274,499	739,563
Noncurrent Assets:				
Capital Assets (Net of Accumulated Depreciation)	2,008,736	124,766	1,153,229	3,286,731
TOTAL ASSETS	\$ 2,167,677	\$ 430,889	\$ 1,427,728	\$ 4,026,294
LIABILITIES:				
Current Liabilities:				
Accounts Payable	\$ 4,553	\$ 270	\$ 79,167	\$ 83,990
Accrued Liabilities	5,563	-	8,565	14,128
TOTAL LIABILITIES	10,116	270	87,732	98,118
NET POSITION:				
Net Investment in Capital Assets	2,008,736	124,766	1,153,229	3,286,731
Unrestricted	148,825	305,853	186,767	641,445
TOTAL NET POSITION	\$ 2,157,561	\$ 430,619	\$ 1,339,996	\$ 3,928,176

**Combining Statement of Revenues, Expenses, and Changes
in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2012**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
OPERATING REVENUES:				
Charges for Services	\$ 183,141	\$ -	\$ 384,312	\$ 567,453
Other Income	24,800	-	-	24,800
TOTAL OPERATING REVENUES	207,941	-	384,312	592,253
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	250,141	1,160	593,083	844,384
Depreciation	161,888	25,566	207,189	394,643
Other Expenses	169,681	8,515	392,009	570,205
TOTAL OPERATING EXPENSES	581,710	35,241	1,192,281	1,809,232
OPERATING INCOME (LOSS)	(373,769)	(35,241)	(807,969)	(1,216,979)
NON OPERATING REVENUES (EXPENSES):				
Interest Earnings	308	591	397	1,296
Oil & Gas Royalties	2,852	-	-	2,852
Gain(Loss) on Sale of Assets	-	-	10,283	10,283
Federal Grants	-	-	341,815	341,815
State Grants	32,507	-	344,474	376,981
TOTAL NONOPERATING REVENUES (EXPENSES)	35,667	591	696,969	733,227
INCOME (LOSS) BEFORE OPERATING TRANSFERS	(338,102)	(34,650)	(111,000)	(483,752)
Operating Transfers In	239,287	78,000	155,000	472,287
Operating Transfers Out	-	-	-	-
Changes in Net Position	(98,815)	43,350	44,000	(11,465)
Net Position - January 1, 2012	2,256,376	387,269	1,295,996	3,939,641
Net Position - December 31, 2012	<u>\$ 2,157,561</u>	<u>\$ 430,619</u>	<u>\$ 1,339,996</u>	<u>\$ 3,928,176</u>

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2012**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 205,735	\$ -	\$ 605,739	\$ 811,474
Cash Payments for Goods and Service	(167,487)	(8,765)	(655,012)	(831,264)
Cash Payments to Employees for Services/Fringe Benefits	(249,210)	(1,160)	(594,738)	(845,108)
Net Cash Provided (Used) by Operating Activities	<u>(210,962)</u>	<u>(9,925)</u>	<u>(644,011)</u>	<u>(864,898)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	239,287	78,000	155,000	472,287
Operating Grants Received	-	-	426,445	426,445
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>239,287</u>	<u>78,000</u>	<u>581,445</u>	<u>898,732</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(36,093)	(76,661)	(257,069)	(369,823)
Capital Acquisition Grants - Received in Cash	32,507	-	259,844	292,351
Proceeds from Sale of Property and Equipment	-	-	10,283	10,283
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,586)</u>	<u>(76,661)</u>	<u>13,058</u>	<u>(67,189)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	308	591	397	1,296
Oil & Gas Royalties	2,852	-	-	2,852
Net Cash Provided (Used) by Investing Activities	<u>3,160</u>	<u>591</u>	<u>397</u>	<u>4,148</u>
Net Increase (Decrease) in Cash and Equivalents	27,899	(7,995)	(49,111)	(29,207)
Balances - Beginning of the Year	102,447	314,118	184,637	601,202
Balances - End of the Year	<u>\$ 130,346</u>	<u>\$ 306,123</u>	<u>\$ 135,526</u>	<u>\$ 571,995</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (373,769)	\$ (35,241)	\$ (807,969)	\$ (1,216,979)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	161,888	25,566	207,189	394,643
Change in Assets and Liabilities:				
Accounts Receivable	(2,205)	-	(429)	(2,634)
Due from Other Governments	-	-	221,855	221,855
Inventories	-	-	(3,806)	(3,806)
Prepaid Expenses	-	-	(7,032)	(7,032)
Accrued Liabilities	931	-	(1,655)	(724)
Accounts Payable	2,193	(250)	(252,164)	(250,221)
Net Cash Provided (Used) by Operating Activities	<u>\$ (210,962)</u>	<u>\$ (9,925)</u>	<u>\$ (644,011)</u>	<u>\$ (864,898)</u>

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the County of Antrim, Michigan's basic financial statements and have issued our report thereon dated June 5, 2013. Our report includes reference to other auditors who 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

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and questioned costs that we consider to be a significant deficiency listed as 12-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Antrim, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 12-1.

County of Antrim, Michigan's Response to Findings

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. The County of Antrim, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Purpose of this Report

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



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

June 5, 2013



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

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 a direct and material effect on each of the County of Antrim, Michigan's major federal programs for the year ended December 31, 2012. The County of Antrim, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the County of Antrim, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 of Antrim, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Antrim, Michigan complied, in all material respects, with the types of 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, 2012.

Report on Internal Control Over Compliance

Management of the County of Antrim, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Antrim, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Antrim, Michigan's internal control over compliance.

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

June 5, 2013

County of Antrim, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2012

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE:			
Pass-through Area Agency on Aging Northwest Michigan:			
Nutrition Services Incentive-Title III C1	10.570	N/A	\$ 32,295
Nutrition Services Incentive-Title III C2	10.570	N/A	50,749
Total U.S. Department of Agriculture			<u>83,044</u>
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT:			
Pass-through programs from Roscommon County			
HOME Program	14.239	M-2010-0335	13,019
Total U.S. Department of Housing & Urban Development			<u>13,019</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through programs from the Michigan Department of Transportation:			
Road Grants - State Administered	20.205	N/A	111,271
HMEP	20.703	HM-HMP-0228-11-01-00	1,240
Operating Assistance - Section 5311	20.509	12-0034/P1	100,928
Operating Assistance - Section 5311	20.509	12-0034/P3	33,012
Section 5311 - Capital	20.509	07-0163/Z16	9,713
Capital Assistance	20.500	07-0163/Z13	1,118
Capital Assistance	20.500	07-0163/Z15	197,044
Total U.S. Department of Transportation			<u>454,326</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Pass-through programs from the Michigan Department of Human Services:			
PA CRP Title IV-D - 10/1/09 to 9/30/12	93.563	CSPA-10-05002	25,688
PA CRP Title IV-D - 10/1/12 to 9/30/15	93.563	CSPA-13-05002	7,273
Subtotal Michigan Department of Human Services			<u>32,961</u>
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	23,534
Home Delivered Meals	93.045	N/A	23,588
Subtotal Area Agency on Aging Northwest Michigan			<u>47,122</u>
Total U.S. Department of Health and Human Services			<u>80,083</u>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Pass-through program from United Way of Northwest Michigan:			
Emergency Food & Shelter	97.024	N/A	2,127
Pass-through program from the Michigan Department of State Police, Emergency Management Division:			
Emergency Management Performance Grants 10/01/11-09/30/12	97.042	EMW-2012-EP-00033	13,625
Pass-through program from Benzie County:			
HSGP	97.067	N/A	56,455
Total U.S. Department of Homeland Security			<u>72,207</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 702,679</u>

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 2012.

NOTE C - FEDERAL REVENUES

Federal Revenues per Financial Statement:	
Government Funds	\$ 249,593
Enterprise Funds:	
Operating	341,815
Component Unit:	
Road Commission Grant	<u>111,271</u>
Total Federal Expenditures	<u>\$ 702,679</u>

NOTE D – ROAD COMMISSION GRANTS

The Michigan Department of Transportation (MDOT) requires that Road Commission’s report all Federal and State grants pertaining to their county. During the calendar year ended December 31, 2012, the Federal aid received and expended by the Road Commission was \$111,271 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 Road Commissions 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?	Yes
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 12-1

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 2012 General Appropriations Act (budget) provided for expenditures of the General, Services for Aged, and Housing Project funds to be controlled to the activity level. During the fiscal year ended December 31, 2012, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General, Services for Aged, and Housing Project funds on pages 49, 52 and 53 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, 2012, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total</u> <u>Appropriations</u>		<u>Amount of</u> <u>Expenditures</u>		<u>Budget</u> <u>Variance</u>
General Fund:					
Capital Outlay	239,918		256,994		(17,076)
Services for Aged:					
Health and Welfare	\$ 1,101,159	\$	1,115,671	\$	(14,512)
Housing Project Income:					
Operating Transfers Out	65,000		76,948		(11,948)

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

Cause: Failure to amend the budget for the General, Services for Aged and Housing Project Funds 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 General, Services for Aged, and Housing Project Funds, 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:
 Finance Committee, Chief Administrative Officers
 Peter Garwood, Administrator
 Debra Haydell, Accountant

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE

Statistical Information

COUNTY OF ANTRIM, MICHIGAN

ADDITIONAL INFORMATION

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the basic financial statements of the County of Antrim, Michigan, as of and for the year ended December 31, 2012, appears on page 1. That audit was conducted for the purpose of forming opinions on the basic financial statements which collectively comprise the County of Antrim, Michigan. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson Tackman & Co., PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants

June 5, 2013

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

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of December 31, 2012, the County has the following debt issues which apply to SEC Rule 15c2-12:

1. \$13,600,000 2012 General Obligation Limited Tax Bonds (Medical Care Facility Project).

NOTE 2 - TABLES:

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

A. Population:

1990 U.S. Census.....	18,185	2000 U.S. Census	23,110
		2010 U.S. Census.....	23,580

Source: U.S. Department of Commerce - Bureau of Census and County of Antrim

B. State Equalized Valuation:

	<u>50% of True Value</u>	
2012	\$ 2,037,887,950	\$ 1,674,140,308
2011	2,126,384,674	1,671,438,479
2010*	2,329,993,106	1,716,699,641
2009	2,649,883,269	1,800,722,026
2008	2,754,903,076	1,752,937,766
2007	2,795,938,327	1,699,165,644
2006	2,673,674,000	1,593,100,998
2005	2,496,545,394	1,491,754,964
2004	2,307,565,989	1,390,866,162
2003	2,102,857,925	1,293,933,300
2002	1,827,606,771	1,215,686,474

*This value include properties from the Renaissance Zone, which is tax exempted and not used for the calculation of County taxes. The Renaissance Zone 2010 State Equalized Value and 2010 Taxable Value is \$380,600.

<u>2012 Breakdown by Use</u>	
Residential	\$ 1,780,968,350
Agricultural	78,473,100
Commercial	90,995,900
Industrial	6,886,900
Personal Property	<u>80,563,700</u>
TOTAL	\$ <u>2,037,887,950</u>

2012 Breakdown by Class

NOTE 2 - TABLES: (Continued)

B. State Equalized Valuation: (Continued)

Real Property	\$ 1,957,324,250
Personal Property	<u>80,563,700</u>
TOTAL	<u>\$ 2,037,887,950</u>

Source: Antrim County

C. Taxable Valuation:

Township:	2012 Taxable Value by Governmental Unit			2012 State Equalized Valuation
	Real Property	Personal Property	Total	Total
Banks	\$ 83,190,181	\$ 2,094,700	\$ 85,284,881	\$ 108,523,200
Central Lake	116,608,964	4,814,400	121,423,364	147,555,100
Chestonia	14,563,454	5,080,000	19,643,454	23,258,000
Custer	74,108,750	9,227,400	83,336,150	92,346,900
Echo	29,635,424	3,131,300	32,766,724	39,582,000
Elk Rapids	222,653,614	4,954,800	227,608,414	284,879,400
Forest Home	181,087,644	3,058,700	184,146,344	228,409,750
Helena	110,486,321	3,063,300	113,549,621	146,636,800
Jordan	22,061,082	3,883,300	25,944,382	30,477,000
Keamey	106,072,736	11,079,700	117,152,436	136,114,800
Mancelona	78,937,049	10,374,405	89,311,454	98,746,400
Milton	283,125,139	4,358,500	287,483,639	355,605,600
Star	33,551,319	4,190,200	37,741,519	42,613,900
Torch Lake	224,630,431	3,626,200	228,256,631	278,821,100
Warner	<u>12,873,995</u>	<u>7,617,300</u>	<u>20,491,295</u>	<u>24,318,000</u>
TOTAL	<u>\$ 1,593,586,103</u>	<u>\$ 80,554,205</u>	<u>\$ 1,674,140,308</u>	<u>\$ 2,037,887,950</u>

2012 Breakdown by Use

Residential	\$ 1,470,180,969
Agricultural	43,716,695
Commercial	73,162,409
Industrial	6,526,030
Personal Property	<u>80,554,205</u>
TOTAL	<u>\$ 1,674,140,308</u>

2012 Breakdown by Class

Real Property	\$ 1,593,586,103
Personal Property	<u>80,554,205</u>
TOTAL	<u>\$ 1,674,140,308</u>

Source: Antrim County

NOTE 2 - TABLES: (Continued)

D. Ten Largest Taxpayers:

Taxpayer	State Equalized Value	Taxable Value
Chevron MI LLC	\$ 21,502,800	\$ 21,492,964
Consumers Energy Company	9,433,500	9,091,009
Great Lakes Energy Cooperative	7,891,700	7,891,700
Trinidad Resort & Club LLC	7,569,400	7,391,314
Bellair Golf/Hawk's Eye Resort	5,043,900	4,817,675
Breitburn Operating, LP	4,351,700	4,349,766
O.I.L. Energy Corp.	3,787,500	3,744,973
Lamina Tool & Die	3,670,600	3,670,600
Jordan Exploration	3,483,500	3,483,393
Michigan Consolidated Gas Co.	2,686,400	2,685,750

Source: County of Antrim

E. County Tax Rates & Levies:

	2012	2011	2010
County Operating	5.4000	5.4000	5.4000
Commission on Aging	0.4000	0.4000	0.4000
911 Operating	0.2730	0.0000	0.0000
Medical Care Oper. & Capital (Meadowbrook)*	1.0000	1.0000	1.0000
TOTAL ALL JURISDICTIONS	7.0730	6.8000	6.8000

*Voted Millage, expires August 2029.

Source: Antrim County

NOTE 2 - TABLES: (Continued)

F. Tax Rate Limitations:

The amount of mills, per \$1,000 of Taxable Value, allocated to the County, general law Townships in the County and the Intermediate School District have been established for a period of four years (2013, 2014, 2015, and 2016) or until altered by the voters.

	Maximum Authorized Rate
Unit of Government:	
County of Antrim	5.4000
Any General Law Township	1.0000
Intermediate School District	<u>0.2700</u>
TOTAL	<u><u>6.6700</u></u>

G. Tax Levies and Collections:

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

Year	Tax Levy*	Collections to March 1st of Following Year	
		Amount	%
2012	\$ 9,025,336	\$ 8,614,253	95.45%
2011	9,007,186	8,595,268	95.43%
2010	9,256,583	8,773,984	94.79%
2009	8,995,955	8,461,028	94.05%
2008	8,980,170	8,485,375	94.49%
2007	8,684,235	8,207,930	94.52%
2006	8,269,724	7,760,504	93.84%
2005	7,853,445	7,253,577	92.36%
2004	7,009,840	6,419,374	91.58%
2003	6,657,450	6,068,110	91.15%
2002	6,375,738	5,798,771	90.95%

Tax levies and collections are for the County's general fund operating levy only.

Source: Antrim County

NOTE 2 - TABLES: (Continued)

H. General Fund Revenues and Expenditures:

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues & Transfers In	\$ 13,077,735	\$ 12,961,500	\$ 12,764,401	\$ 12,105,918
Expenditures & Transfers Out	<u>12,938,433</u>	<u>12,659,717</u>	<u>12,307,604</u>	<u>11,748,331</u>
Excess Revenues (Expenditures)	139,302	301,783	456,797	357,587
Beginning Fund Balance	9,257,835	6,061,326	5,604,529	5,246,942
GASB 54 Reclassification	<u>-</u>	<u>2,894,726</u>	<u>-</u>	<u>-</u>
ENDING FUND BALANCE	<u>\$ 9,397,137</u>	<u>\$ 9,257,835</u>	<u>\$ 6,061,326</u>	<u>\$ 5,604,529</u>

Source: Antrim County

I. Revenues from the State of Michigan:

The following table sets forth the annual revenue sharing amounts the County drew in lieu of the County's annual revenue sharing payments for the revenue generated from the State-created reserve fund.

<u>Fiscal Year Ending December 31,</u>	<u>Amount Drawn from Revenue Reserve Fund</u>
2012	\$ 462,873
2011	452,477
2010	443,170
2009	444,504
2008	405,529
2007	416,197
2006	401,347

Source: Antrim County

NOTE 2 - TABLES: (Continued)

J. Labor Agreements:

The County has 6 employee bargaining units which have negotiated comprehensive salary, wage, fringe benefit and working conditions contracts with the County. The duration of these agreements are as follows:

<u>Employee Group</u>	<u>Membership</u>	<u>Current Expiration Date</u>
Teamsters Local 214		
Sheriff Department – Command Unit	9	December 31, 2013
Antrim County Transportation Unit	8	December 31, 2013
Antrim County General Unit	45	December 31, 2014
Antrim County Probate Court Unit	4	December 31, 2014
Police Officers Association of Michigan		
Sheriff Department – Corrections/Cooks/Clerical Unit 8		December 31, 2013
Sheriff Department – Deputies/Dispatchers Unit	22	December 31, 2013

Source: County of Antrim

K. Retirement Plan:

The contribution rate as a percentage of payroll at December 31, 2012 is as follows:

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

During the calendar year ended December 31, 2012, the County’s contributions totaled \$1,069,836 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.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 987,132	100%	0
2011	1,024,032	100%	0
2012	1,069,836	100%	0

NOTE 2 - TABLES: (Continued)

L. Other Post Employment Benefits:

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 with accrued liability for benefits amortized over future years. No liability is reported at the transition date. The County currently is not advance funding the liability. It is funding only the required current amount based on a pay as you go basis..

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>(4,800)</u>
Increase in Net OPEB Obligation	31,307
Net OPEB Obligation Beginning of Year	<u>96,355</u>
Net OPEB Obligation End of Year	<u>\$ 127,662</u>

NOTE 2 - TABLES: (Continued)

M. Debt Statement:

	<u>Gross</u>	<u>Net</u>
Direct Debt of County		
General Obligation Bonds		
(Limited Tax)	\$ 13,600,000	\$ 13,600,000
Per Capita County Net Direct Debt		\$ 576.76
Percent County Net Direct Debt to TV		.334%
 OVERLAPPING DEBT OF COUNTY:		
School Districts		\$ 29,332,603
Intermediate School Districts		-
Villages		2,992,000
Townships		<u>1,827,000</u>
Net Overlapping Debt		<u>\$ 34,151,603</u>
Net County and Overlapping Debt		<u>\$ 47,751,603</u>
Per Capita County Net Direct and Overlapping Debt		\$ 2,025.09
Percent Net Direct and Overlapping Debt to 2012 TV		1.172%

Source: County of Antrim and Municipal Advisory Council of Michigan

NOTE 2 - TABLES: (Continued)

N. Schedule of Bond Maturities:

<u>Year</u>	<u>General Obligation Bonds</u>	<u>Water Bonds (1)</u>
2012	\$ -	\$ -
2013	400,000	12,000
2014	500,000	12,000
2015	500,000	7,000
2016	500,000	7,000
2017	500,000	8,000
2018	550,000	8,000
2019	550,000	8,000
2020	600,000	-
2021	600,000	-
2022	650,000	-
2023	700,000	-
2024	750,000	-
2025	800,000	-
2026	1,000,000	-
2027	1,100,000	-
2028	1,200,000	-
2029	1,300,000	-
2030	<u>1,400,000</u>	<u>-</u>
Total	<u>\$ 13,600,000</u>	<u>\$ 62,000</u>

(1) No County credit pledged.

Debt History: There is not record of default.

Future Bonding: The County does not anticipate the issuance of any additional bonds or notes with the remaining 2012 calendar year.

NOTE 2 - TABLES: (Continued)

O. Statement of Legal Debt Margin:

2012 State Equalized Valuation		\$	2,032,225,650
Plus 2012 Assessed value Equalized of Act 198 Exemptions			<u>1,434,700</u>
Total State Equalized Valuation		\$	<u>2,033,660,350</u>
Debt Limit (10% of State Equalized Valuation)			203,366,035
Amount of Outstanding Debt (See Debt Statement)	\$	13,662,000	
Less: No County Credit Pledged Bonds		<u>62,000</u>	<u>13,600,000</u>
Legal Debt Margin		\$	<u>189,766,035</u>



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

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**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, 2012, and have issued our report thereon dated June 5, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable Government Auditing Standards and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated November 20, 2012, 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.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as whole.

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 20, 2012.

Significant Audit Findings

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. Two new accounting policies were adopted regarding the implementation of GASB Statements 63 and 65 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. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate 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.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly 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, a disagreement with management is 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 5, 2013.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed for the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Comments and Recommendations

Transfers In and Transfers Out (Prior Year)

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.

Status: In process.

Fixed Assets (Prior Year)

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.

Status: Corrected.

Payroll (Prior Year)

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.

Status: Corrected

Disbursements (Prior Year)

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.

Status: Corrected.

Invoice Approval

During testing, an instance was noted where an invoice for expense reimbursement was approved by the same individual whom the check was made out to. We recommend that all invoices be approved by the proper individuals and that no one approves their own expense reimbursement check.

Credit Card

During testing of credit cards, it was noted that a receipt was missing for a McDonald's purchase. We recommend that all receipts be retained and kept with the credit cards to help ensure proper record keeping.

Payroll

It was noted during the tests of controls over payroll that one employee was missing deduction authorization for Aflac and two employees had incomplete I-9's. It was also noted that the paper checks issued for payroll only contained one signature. We recommend that I-9's be completely filled out and put in the employee files, deductions get authorized in writing by employees and that documentation be kept in the employee's file, and each paper check issued contain at least two signatures.

Transmittal Advice

It was noted during the tests of controls over receipts that the sheriff's department, jail, and abstract departments did not have transmittal advice for the amounts remitted to the treasurer's office. We recommend that each department collecting currency fill out transmittal advice containing: the department name, beginning and ending departmental receipt numbers that are being remitted, beginning and ending dates of currency collected, and the signature of the department head that is depositing with the treasurer's office.

Reporting Employer Provided Health Coverage on Form W-2

The Affordable Care Act requires employers to report the cost of coverage under an employer-sponsored group health plan on an employee's Form W-2, Wage and Tax Statement. Many employers are eligible for transition relief for tax year 2013 and beyond, until the IRS issues final guidance for this reporting requirement.

The amount reported does not affect tax liability, as the value of the employer excludible contribution to health coverage continues to be excludible from an employee's income, and it is not taxable. This reporting is for informational purposes only, to show employees the value of their health care benefits so they can be informed consumers. More information about the reporting can be found at Form W-2 Reporting of Employer-Sponsored Health Coverage.

Pension Reporting

In June 2012, the Governmental Accounting Standards Board (GASB) approved a pair of related Statements that implement substantial changes to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements. These requirements include a provision for reporting net pension liabilities on the accrual based statement of net position and measuring investments at fair value as well as additional footnote and required supplementary information disclosures.

The Board and Management should review the procedures for implementation of these new standards effective in fiscal 2014 and assess the impact on the local unit of government's financial reporting.

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
Kincheloe, Michigan

June 5, 2013