

**County of Antrim, Michigan**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2013**

**COUNTY OF ANTRIM, MICHIGAN**

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**INDEPENDENT AUDITOR'S REPORT**

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, 2013, 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 60 percent, 57 percent, and 87 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.

Members of the Board of Commissioners  
County of Antrim, Michigan

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

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

***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan, as of December 31 2013, 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 49, and pages 50 through 55 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.

Members of the Board of Commissioners  
County of Antrim, Michigan

*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 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 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 are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2014 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 27, 2014

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

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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, 2013. 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 net position of Antrim County exceeded its liabilities at the close of fiscal year, 2013 by \$62,429,425. Of this amount \$16,933,182 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- \* At December 31, 2013, the County's governmental funds reported combined ending fund balance of \$18,469,836.
- \* At December 31, 2013, unassigned fund balance for the General Fund was \$8,159,164 or 65% of General Fund expenditures and transfers out.
- \* Governmental funds revenues were \$15,174,923.

### 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 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 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 21-48 of this report.

**Required Supplementary Information**

Required supplementary information related to the County's pension plan, OPEB and budgetary comparison schedules can be found on page 49-55 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 56-72 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, net position exceeded liabilities by \$62,429,425 at the close of the 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, 2013, the County had \$0 debt associated with its governmental fund capital assets.

County of Antrim  
Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 21,842,187	\$ 17,736,127	\$ 24,043,434	\$ 34,868,745	\$ 45,885,621	\$ 52,604,872
Capital Assets	17,557,202	18,100,770	18,616,956	11,843,281	36,174,158	29,944,051
Total Assets	39,399,389	35,836,897	42,660,390	46,712,026	82,059,779	82,548,923
Current Liabilities	1,175,604	1,762,654	803,052	3,489,408	1,978,656	5,252,062
Noncurrent Liabilities	14,019,224	138,587	394,107	13,200,000	14,413,331	13,338,587
Total Liabilities	15,194,828	1,901,241	1,197,159	16,689,408	16,391,987	18,590,649
Deferred Inflows of Resources						
Taxes Levied for a Subsequent Period	1,544,618	1,122,598	1,693,749	1,672,136	3,238,367	2,794,734
Net Position						
Net Investment in						
Capital Assets	17,546,276	18,084,382	18,616,956	8,117,654	36,163,232	26,202,036
Restricted	7,745,955	4,677,292	1,587,056	1,474,150	9,333,011	6,151,442
Unrestricted	(2,632,288)	10,051,384	19,565,470	18,758,678	16,933,182	28,810,062
Total Net Position	\$ 22,659,943	\$ 32,813,058	\$ 39,769,482	\$ 28,350,482	\$ 62,429,425	\$ 61,163,540

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 58% of total net position. An additional portion of the County's governmental net position 15% 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 27% 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	
	2013	2012	2013	2012	2013	2012
Program Revenues						
Charges for Services	\$ 2,613,439	\$ 2,680,183	\$ 14,016,337	\$ 13,410,203	\$ 16,629,776	\$ 16,090,386
Operating Grants and Contributions	1,560,646	1,855,387	348,374	430,068	1,909,020	2,285,455
Capital Grants and Contributions	34,297	56,455	261,172	292,351	295,469	348,806
General Revenues						
Property Taxes	10,338,215	9,747,869	1,665,139	1,665,542	12,003,354	11,413,411
Convention Tax	225,320	218,271	-	-	225,320	218,271
Investment Earnings and Rents	379,621	389,959	19,363	48,671	398,984	438,630
Other Income	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	2,529	(15,987)	8,943	10,283	11,472	(5,704)
Total Revenues	<u>15,154,067</u>	<u>14,932,137</u>	<u>16,319,328</u>	<u>15,857,118</u>	<u>31,473,395</u>	<u>30,789,255</u>
Program Expenses						
Legislative	212,066	222,291	-	-	212,066	222,291
Judicial	1,857,436	1,931,314	-	-	1,857,436	1,931,314
General Government	3,390,740	4,108,682	-	-	3,390,740	4,108,682
Public Safety	5,223,870	5,395,611	-	-	5,223,870	5,395,611
Public Works	127,945	20,975	-	-	127,945	20,975
Health and Welfare	2,679,845	3,018,830	-	-	2,679,845	3,018,830
Community/Economic Development	106,760	184,618	-	-	106,760	184,618
Recreation and Culture	261,928	359,942	-	-	261,928	359,942
Interest - Unallocated	428,464	113,920	-	-	428,464	113,920
Delinquent Property Tax	-	-	308,159	385,360	308,159	385,360
Medical Care Facility	-	-	14,150,941	12,500,456	14,150,941	12,500,456
Other Expense	737,338	-	1,793,365	1,809,232	2,530,703	1,809,232
Total Expenses	<u>15,026,392</u>	<u>15,356,183</u>	<u>16,252,465</u>	<u>14,695,048</u>	<u>31,278,857</u>	<u>30,051,231</u>
Changes in Net Position Before Transfers	127,675	(424,046)	66,863	1,162,070	194,538	738,024
Transfers - Net	<u>(11,359,194)</u>	<u>(410,457)</u>	<u>11,359,194</u>	<u>410,457</u>	<u>-</u>	<u>-</u>
Changes in Net Position	(11,231,519)	(834,503)	11,426,057	1,572,527	194,538	738,024
Net Position - Beginning	32,813,058	33,647,561	28,350,482	26,777,955	61,163,540	60,425,516
Prior Period Adjustment	<u>1,078,404</u>	<u>-</u>	<u>(7,057)</u>	<u>-</u>	<u>1,071,347</u>	<u>-</u>
Net Position - Ending	<u>\$ 22,659,943</u>	<u>\$ 32,813,058</u>	<u>\$ 39,769,482</u>	<u>\$ 28,350,482</u>	<u>\$ 62,429,425</u>	<u>\$ 61,163,540</u>

**Governmental Activities**

Total activities increased the County's net position by \$194,538. 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 \$11,426,057. 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 showed an increase in net position for the year. The medical also showed an increase due to recording the renovations at the facility.

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 65% of annual governmental expenditures in 2013 in the governmental funds.

The General Fund fund balance increased by \$487,472 from \$9,397,137 to \$9,884,609 during 2013.

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>2013</u>	<u>2012</u>
<u>Enterprise Funds</u>		
100% Tax Payment Fund	\$ 12,062,185	\$ 11,576,354
Medical Care Facility	\$ 6,816,455	\$ 6,540,879
Airport Fund	\$ 180,154	\$ 148,825
Elk Rapids Hydro Electric	\$ 310,269	\$ 305,853
Transportation Fund	\$ 196,407	\$ 186,767

**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:

District Court Costs were increased by	\$ 68,172
Salary Standardization decreased by	\$ 56,367
Register of Deeds Revenue was increased by	\$ 59,000

Expenditures:

Judicial was increased by	\$ 49,687
General Government was increased by	\$ 117,238
Public Safety was increased by	\$ 101,279
Public Works was increased by	\$ 62,875
Other/Insurance/Fringes decreased by	\$ 368,537

**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 \$13,200,000 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 slightly from 2012 to 2013. The increase is expected to continue in 2014.

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, 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 2014.

**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**

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# County of Antrim, Michigan

## Statement of Net Position December 31, 2013

	Primary Government		Totals	Component Unit
	Governmental Activities	Business-type Activities		
<b>ASSETS:</b>				
Cash and Investments - Unrestricted	\$ 17,983,350	\$ 18,767,641	\$ 36,750,991	\$ 1,207,794
Receivables:				
Accounts	259,062	1,017,120	1,276,182	22,680
Current Taxes	2,214,636	1,695,793	3,910,429	-
Delinquent Taxes	-	1,547,160	1,547,160	-
Interest and Penalties	-	452,926	452,926	-
Other Governments	227,547	18,420	245,967	648,369
Mortgages	1,157,592	-	1,157,592	-
Third Party Payor - Settlements	-	518,938	518,938	-
Inventories	-	22,874	22,874	516,839
Prepaid Items	-	2,562	2,562	40,684
Capital Assets Not Depreciated	11,172,082	4,214,162	15,386,244	15,428,081
Capital Assets (Net of Accumulated Depreciation)	6,385,120	14,402,794	20,787,914	12,471,127
<b>TOTAL ASSETS</b>	<b>39,399,389</b>	<b>42,660,390</b>	<b>82,059,779</b>	<b>30,335,574</b>
<b>LIABILITIES:</b>				
Accounts Payable	504,044	514,773	1,018,817	169,079
Accrued Liabilities	166,096	288,279	454,375	80,122
Advance from Other Governments	-	-	-	199,004
Due to Governmental Units	1	-	1	-
Installment Note Payable - Due within one year	5,463	-	5,463	-
Installment Note Payable - Due in more than one year	5,463	-	5,463	-
Bonds Payable - Due within one year	500,000	-	500,000	-
Bonds Payable - Due in more than one year	12,700,000	-	12,700,000	-
Unearned Revenue	1,157,592	-	1,157,592	-
Accrued Compensated Absences - Due in more than one year	-	394,107	394,107	138,877
Other Post Employment Benefits (OPEB) - Due in more than one year	156,169	-	156,169	286,095
<b>TOTAL LIABILITIES</b>	<b>15,194,828</b>	<b>1,197,159</b>	<b>16,391,987</b>	<b>873,177</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Taxes Levied for a Subsequent Period	1,544,618	1,693,749	3,238,367	-
Conservation Resource Alliance	-	-	-	12,179
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,544,618</b>	<b>1,693,749</b>	<b>3,238,367</b>	<b>12,179</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	17,546,276	18,616,956	36,163,232	27,899,208
Restricted	7,745,955	1,587,056	9,333,011	1,551,010
Unrestricted	(2,632,288)	19,565,470	16,933,182	-
<b>TOTAL NET POSITION</b>	<b>\$ 22,659,943</b>	<b>\$ 39,769,482</b>	<b>\$ 62,429,425</b>	<b>\$ 29,450,218</b>

# County of Antrim, Michigan

## Statement of Activities For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 212,066	\$ -	\$ -	\$ -	\$ (212,066)	\$ -	\$ (212,066)	\$ -
Judicial	1,857,436	563,518	303,784	-	(990,134)	-	(990,134)	-
General Government	3,390,740	604,021	375,991	-	(2,410,728)	-	(2,410,728)	-
Public Safety	5,223,870	1,011,617	398,416	34,297	(3,779,540)	-	(3,779,540)	-
Public Works	127,945	-	-	-	(127,945)	-	(127,945)	-
Health & Welfare	2,679,845	271,824	469,110	-	(1,938,911)	-	(1,938,911)	-
Community and Economic Development	106,760	-	-	-	(106,760)	-	(106,760)	-
Recreation and Culture	261,928	162,459	13,345	-	(86,124)	-	(86,124)	-
Other	737,338	-	-	-	(737,338)	-	(737,338)	-
Interest - Unallocated	428,464	-	-	-	(428,464)	-	(428,464)	-
Total Governmental Activities	<u>15,026,392</u>	<u>2,613,439</u>	<u>1,560,646</u>	<u>34,297</u>	<u>(10,818,010)</u>	<u>-</u>	<u>(10,818,010)</u>	<u>-</u>
<b>Business-type Activities:</b>								
Delinquent Property Tax	308,159	905,120	-	-	-	596,961	596,961	-
Medical Care Facility	14,150,941	12,499,447	3,410	-	-	(1,648,084)	(1,648,084)	-
Other	<u>1,793,365</u>	<u>611,770</u>	<u>344,964</u>	<u>261,172</u>	<u>-</u>	<u>(575,459)</u>	<u>(575,459)</u>	<u>-</u>
Total Business-type Activities	<u>16,252,465</u>	<u>14,016,337</u>	<u>348,374</u>	<u>261,172</u>	<u>-</u>	<u>(1,626,582)</u>	<u>(1,626,582)</u>	<u>-</u>
Total Primary Government	<u>31,278,857</u>	<u>16,629,776</u>	<u>1,909,020</u>	<u>295,469</u>	<u>(10,818,010)</u>	<u>(1,626,582)</u>	<u>(12,444,592)</u>	<u>-</u>
<b>Component Unit:</b>								
Road Commission	<u>6,115,678</u>	<u>929,317</u>	<u>4,727,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(458,831)</u>
Total Component Unit	<u>6,115,678</u>	<u>929,317</u>	<u>4,727,530</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(458,831)</u>
Total	<u>\$ 37,394,535</u>	<u>\$ 17,559,093</u>	<u>\$ 6,636,550</u>	<u>\$ 295,469</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>General Revenues and Transfers:</b>								
Property Taxes					10,338,215	1,665,139	12,003,354	-
Convention Taxes					225,320	-	225,320	-
Investment Earnings and Rents					379,621	19,363	398,984	736
Gain/(Loss) on Sale of Capital Assets					2,529	8,943	11,472	4,000
Transfers - Internal Activities					(11,359,194)	11,359,194	-	-
Total General Revenues and Transfers					<u>(413,509)</u>	<u>13,052,639</u>	<u>12,639,130</u>	<u>4,736</u>
Changes in Net Position					<u>(11,231,519)</u>	<u>11,426,057</u>	<u>194,538</u>	<u>(454,095)</u>
Net Position - Beginning					32,813,058	28,350,482	61,163,540	29,904,313
Prior Period Adjustment					1,078,404	(7,057)	1,071,347	-
<b>Net Position - Ending</b>					<u>\$ 22,659,943</u>	<u>\$ 39,769,482</u>	<u>\$ 62,429,425</u>	<u>\$ 29,450,218</u>

See accompanying notes to financial statements.

# County of Antrim, Michigan

## Balance Sheet Governmental Funds December 31, 2013

	General Funds	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Capital Project Meadow Brook Renovations	Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>							
Cash and Investments - Unrestricted	\$ 9,332,647	\$ 2,904,387	\$ 48,584	\$ 89,487	\$ 3,113,050	\$ 2,495,195	\$ 17,983,350
Receivables:							
Taxes	691,464	-	676,059	-	-	847,113	2,214,636
Accounts	237,343	-	14,073	-	-	7,646	259,062
Mortgages	-	-	-	1,157,592	-	-	1,157,592
Due from Governmental Units	168,833	-	5,259	-	-	53,455	227,547
<b>TOTAL ASSETS</b>	<b>\$ 10,430,287</b>	<b>\$ 2,904,387</b>	<b>\$ 743,975</b>	<b>\$ 1,247,079</b>	<b>\$ 3,113,050</b>	<b>\$ 3,403,409</b>	<b>\$ 21,842,187</b>
<b>LIABILITIES:</b>							
Accounts Payable	\$ 417,280	\$ -	\$ 7,505	\$ -	\$ -	\$ 79,259	\$ 504,044
Accrued Liabilities	128,398	-	7,907	-	-	29,791	166,096
Due to Governmental Units	-	-	-	-	-	1	1
Unearned Revenue	-	-	21,567	1,157,592	-	-	1,179,159
<b>TOTAL LIABILITIES</b>	<b>545,678</b>	<b>-</b>	<b>36,979</b>	<b>1,157,592</b>	<b>-</b>	<b>109,051</b>	<b>1,849,300</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Taxes Levied for a Subsequent Period	-	-	676,059	-	-	846,992	1,523,051
<b>FUND BALANCES:</b>							
Restricted	-	2,904,387	30,937	-	3,113,050	1,606,006	7,654,380
Committed	452,221	-	-	-	-	115,241	567,462
Assigned	1,273,224	-	-	89,487	-	726,119	2,088,830
Unassigned	8,159,164	-	-	-	-	-	8,159,164
<b>TOTAL FUND BALANCES</b>	<b>9,884,609</b>	<b>2,904,387</b>	<b>30,937</b>	<b>89,487</b>	<b>3,113,050</b>	<b>2,447,366</b>	<b>18,469,836</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 10,430,287</b>	<b>\$ 2,904,387</b>	<b>\$ 743,975</b>	<b>\$ 1,247,079</b>	<b>\$ 3,113,050</b>	<b>\$ 3,403,409</b>	
<b>Reconciliation to amounts reported for governmental activities in the statement of net position</b>							
Capital assets used by governmental activities							17,557,202
Long term installment notes payable for governmental activities							(13,210,926)
Other postemployment benefits liability							(156,169)
<b>Net position of governmental activities</b>							<b>\$ 22,659,943</b>

# County of Antrim, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2013

	General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Capital Project Meadow Brook Renovations	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>							
Taxes and Penalties	\$ 9,214,739	\$ -	\$ 668,628	\$ -	\$ -	\$ 454,848	\$ 10,338,215
Licenses & Permits	180,710	-	-	-	-	480,712	661,422
Federal	89,294	-	27,533	-	-	16,556	133,383
State	756,294	-	109,458	-	-	301,925	1,167,677
Local	-	-	-	-	-	8,855	8,855
Charges for Services	1,228,035	-	232,088	-	-	437,249	1,897,372
Fines & Forfeits	1,400	-	-	-	-	56,745	58,145
Interest & Rents	276,956	-	4,019	4,898	3,128	90,620	379,621
Other Revenue	272,883	-	26,964	92,328	-	138,058	530,233
<b>TOTAL REVENUES</b>	<b>12,020,311</b>	<b>-</b>	<b>1,068,690</b>	<b>97,226</b>	<b>3,128</b>	<b>1,985,568</b>	<b>15,174,923</b>
<b>EXPENDITURES:</b>							
Legislative	212,066	-	-	-	-	-	212,066
Judicial	1,790,922	-	-	-	-	27,218	1,818,140
General Government	3,167,646	-	-	-	-	59,379	3,227,025
Public Safety	3,756,533	-	-	-	-	1,097,278	4,853,811
Public Works	127,945	-	-	-	-	-	127,945
Health & Welfare	1,090,112	-	1,090,490	-	-	436,775	2,617,377
Community/Economic Development	78,954	-	-	-	-	-	78,954
Recreation and Culture	240,791	-	-	-	-	21,137	261,928
Capital Outlay	210,188	-	-	-	-	197,568	407,756
Other	737,338	-	-	-	-	-	737,338
Debt Service	6,033	-	-	-	-	827,893	833,926
<b>TOTAL EXPENDITURES</b>	<b>11,418,528</b>	<b>-</b>	<b>1,090,490</b>	<b>-</b>	<b>-</b>	<b>2,667,248</b>	<b>15,176,266</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>601,783</b>	<b>-</b>	<b>(21,800)</b>	<b>97,226</b>	<b>3,128</b>	<b>(681,680)</b>	<b>(1,343)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating Transfers In	1,052,388	-	55,000	-	-	1,030,493	2,137,881
Operating Transfers Out	(1,166,699)	(473,982)	(25,000)	(40,246)	(11,764,318)	(26,830)	(13,497,075)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(114,311)</b>	<b>(473,982)</b>	<b>30,000</b>	<b>(40,246)</b>	<b>(11,764,318)</b>	<b>1,003,663</b>	<b>(11,359,194)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>487,472</b>	<b>(473,982)</b>	<b>8,200</b>	<b>56,980</b>	<b>(11,761,190)</b>	<b>321,983</b>	<b>(11,360,537)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>9,397,137</b>	<b>3,378,369</b>	<b>22,737</b>	<b>32,507</b>	<b>-</b>	<b>2,025,588</b>	<b>14,856,338</b>
Prior Period Adjustment	-	-	-	-	14,874,240	99,795	14,974,035
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 9,884,609</b>	<b>\$ 2,904,387</b>	<b>\$ 30,937</b>	<b>\$ 89,487</b>	<b>\$ 3,113,050</b>	<b>\$ 2,447,366</b>	<b>\$ 18,469,836</b>

**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, 2013**

Net changes in fund balances - total governmental funds (11,360,537)

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	407,756
Depreciation Expense	(634,837)
Loss on Disposals	(20,856)

Issuance of installment loan/lease purchases provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position. 5,462

Repayment of debt principal is an expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position. 400,000

Increase in Other Post Employment Benefits (OPEB). (28,507)

Changes in net position of governmental activities \$ (11,231,519)

**Statement of Net Position  
Proprietary Funds  
December 31, 2013**

	Business-type Activities - Enterprise Funds			
	Major			Total
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	
<b>ASSETS:</b>				
Cash and Investments - Unrestricted	\$ 11,240,447	\$ 6,909,109	\$ 618,085	\$ 18,767,641
Receivables:				
Accounts	-	929,621	87,499	1,017,120
Taxes	-	1,695,793	-	1,695,793
Delinquent Taxes	1,547,160	-	-	1,547,160
Interest and Penalties	452,926	-	-	452,926
Due from Other Governments	-	-	18,420	18,420
Third Party Payor - Settlements	-	518,938	-	518,938
Prepaid Items	-	-	2,562	2,562
Inventory	-	-	22,874	22,874
Capital Assets, Not Depreciated	-	3,877,908	336,254	4,214,162
Capital Assets, Net of Accumulated Depreciation	-	11,640,385	2,762,409	14,402,794
<b>TOTAL ASSETS</b>	<b>13,240,533</b>	<b>25,571,754</b>	<b>3,848,103</b>	<b>42,660,390</b>
<b>LIABILITIES:</b>				
Current Liabilities				
Accounts Payable	-	469,542	45,231	514,773
Accrued Liabilities	-	270,900	17,379	288,279
Accrued Compensated Absences - Due in more than one year	-	394,107	-	394,107
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>1,134,549</b>	<b>62,610</b>	<b>1,197,159</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Taxes Levied for a Subsequent Period	-	1,693,749	-	1,693,749
<b>NET POSITION:</b>				
Net Investment in Capital Assets	-	15,518,293	3,098,663	18,616,956
Restricted	1,178,348	408,708	-	1,587,056
Unrestricted	12,062,185	6,816,455	686,830	19,565,470
<b>TOTAL NET POSITION</b>	<b>\$ 13,240,533</b>	<b>\$ 22,743,456</b>	<b>\$ 3,785,493</b>	<b>\$ 39,769,482</b>

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	
<b>OPERATING REVENUES:</b>				
Interest and Penalties on Taxes	\$ 452,249	\$ -	\$ -	\$ 452,249
Charges for Services	271,790	10,553,054	583,682	11,408,526
Quality Assurance Supplement (QAS)	-	1,876,009	-	1,876,009
Sale of Properties at Tax Auction	181,081	-	-	181,081
Other Income	-	70,384	28,088	98,472
<b>TOTAL REVENUES</b>	<b>905,120</b>	<b>12,499,447</b>	<b>611,770</b>	<b>14,016,337</b>
<b>OPERATING EXPENSES:</b>				
Salaries, Wages, and Fringe Benefits	-	9,554,710	840,060	10,394,770
Depreciation	-	700,569	395,996	1,096,565
Other Expenses	308,159	3,895,662	557,309	4,761,130
<b>TOTAL EXPENSES</b>	<b>308,159</b>	<b>14,150,941</b>	<b>1,793,365</b>	<b>16,252,465</b>
<b>OPERATING INCOME (LOSS)</b>	<b>596,961</b>	<b>(1,651,494)</b>	<b>(1,181,595)</b>	<b>(2,236,128)</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest Earnings	6,298	11,983	1,082	19,363
Tax Levy	-	1,665,139	-	1,665,139
Restricted Donations/Income	-	3,410	-	3,410
Gain (Loss) on Sale of Assets	-	-	8,943	8,943
Federal Grants - Section 5311	-	-	260,655	260,655
State Grants - Section 5311	-	-	287,985	287,985
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>6,298</b>	<b>1,680,532</b>	<b>558,665</b>	<b>2,245,495</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>603,259</b>	<b>29,038</b>	<b>(622,930)</b>	<b>9,367</b>
Capital Contributions	-	-	57,496	57,496
Operating Transfers In	-	11,764,318	422,751	12,187,069
Operating Transfers Out	-	(827,875)	-	(827,875)
<b>CHANGES IN NET POSITION</b>	<b>603,259</b>	<b>10,965,481</b>	<b>(142,683)</b>	<b>11,426,057</b>
<b>NET POSITION, JANUARY 1</b>	<b>12,637,274</b>	<b>11,785,032</b>	<b>3,928,176</b>	<b>28,350,482</b>
Prior Period Adjustment	-	(7,057)	-	(7,057)
<b>NET POSITION, DECEMBER 31</b>	<b>\$ 13,240,533</b>	<b>\$ 22,743,456</b>	<b>\$ 3,785,493</b>	<b>\$ 39,769,482</b>



**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2013**

	Business-type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ -	\$ 10,298,601	\$ 624,644	\$ 10,923,245
Cash Received from Sale of Taxes on Auction	181,081	-	-	181,081
QAS Revenue Received	-	1,186,164	-	1,186,164
Cash Payments for Goods and Services	(308,415)	(12,245,472)	(572,728)	(13,126,615)
Cash Received from Penalties and Interest on Delinquent Taxes	791,747	-	-	791,747
Cash Received from Other Sources	-	(39,989)	-	(39,989)
Cash Payment to Employees for Services/Fringe Benefits	-	-	(836,809)	(836,809)
Cash Received for Delinquent Taxes	3,270,114	-	-	3,270,114
Cash Payments for Delinquent Taxes	(3,038,294)	-	-	(3,038,294)
Net Cash Provided (Used) by Operating Activities	<u>896,233</u>	<u>(800,696)</u>	<u>(784,893)</u>	<u>(689,356)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers from (to) Other Funds	-	(827,875)	422,751	(405,124)
Proceeds from County Tax Levy	-	1,670,938	-	1,670,938
Contributions Received	-	3,410	-	3,410
Operating Grants Received	-	-	402,460	402,460
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>846,473</u>	<u>825,211</u>	<u>1,671,684</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of Capital Assets	-	(1,417,183)	(207,929)	(1,625,112)
Capital Acquisition Grants - Received in Cash	-	-	203,676	203,676
Proceeds from Sale of Property and Equipment	-	-	8,943	8,943
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(1,417,183)</u>	<u>4,690</u>	<u>(1,412,493)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Earnings	6,298	11,983	1,082	19,363
Net Cash Provided (Used) by Investing Activities	<u>6,298</u>	<u>11,983</u>	<u>1,082</u>	<u>19,363</u>
Net Increase (Decrease) in Cash and Equivalents	902,531	(1,359,423)	46,090	(410,802)
Balances - Beginning of the Year	10,337,916	8,268,532	571,995	19,178,443
Balances - End of the Year	<u>\$ 11,240,447</u>	<u>\$ 6,909,109</u>	<u>\$ 618,085</u>	<u>\$ 18,767,641</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ 596,961	\$ (1,651,494)	\$ (1,181,595)	\$ (2,236,128)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	700,569	395,996	1,096,565
Provision for Bad Debt	-	93,560	-	93,560
Loss on Disposal of Equipment	-	19,528	-	19,528
Change in Assets and Liabilities:				
Accounts Receivable	-	349,380	(9,201)	340,179
Due from Governmental Units	-	-	22,074	22,074
Delinquent Taxes Receivable	231,820	-	-	231,820
Interest and Penalties Receivable	67,708	-	-	67,708
Settlements Payable	-	(716,976)	-	(716,976)
Inventory	-	-	16,065	16,065
Other Assets	-	74,541	7,275	81,816
Accounts Payable	(256)	211,814	(38,758)	172,800
Accrued Liabilities	-	118,382	3,251	121,633
Net Cash Provided (Used) by Operating Activities	<u>\$ 896,233</u>	<u>\$ (800,696)</u>	<u>\$ (784,893)</u>	<u>\$ (689,356)</u>

Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2013

	<u>Agency Funds</u>
ASSETS:	
Cash and Investments - Unrestricted	\$ 1,035,038
 TOTAL ASSETS	 <u>\$ 1,035,038</u>
LIABILITIES:	
Due to Governmental Units	\$ 308,738
Undistributed Tax Collections	678,396
Other Liabilities	<u>47,904</u>
 TOTAL LIABILITIES	 <u>\$ 1,035,038</u>

## **Notes to Financial Statements**

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**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 2013, 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 86<sup>th</sup> District Court is comprised of Antrim, Grand Traverse and Leelanau Counties. The Court funding formula is based upon caseload. All of Antrim County’s expenses for the operation of the court are recorded in the general fund under the District Court caption.

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

The government-wide financial statements (i.e., the statement of net 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 1<sup>st</sup> of the year for which they were levied, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Taxes Receivable

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

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

Although the County of Antrim 2012 ad valorem tax is levied and collectible on December 1, 2012 and the 2013 ad valorem tax is levied and collectible on July 1, 2013, 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 2012 taxable valuation of Antrim County amounted to \$1,674,140,308 on which ad valorem taxes of 0.4000 mills for Commission on Aging, 1.0000 mills for Medical Care Facility, and 0.2730 mills for E-911 Operating were levied. These amounts were recognized in the respective special revenue and enterprise fund financial statements as tax revenue.

The July 1, 2013 taxable valuation of the County of Antrim totaled \$1,693,984,896 on which ad valorem taxes levied consisted of 5.4000 mills for the General Fund. This amount is recognized as revenue in the General Fund in and for the year ending 2013.

The taxes receivable is recorded in the financial statements as taxes receivable-current, with an offsetting credit to deferred inflows of resources based on the 2012 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.

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

**Housing Project Income**

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

**Meadow Brook Renovations**

This fund accounts for the renovations of the Meadow Brook Facilities.

The County reports the following major proprietary funds:

**100% Tax Payment**

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

**Medical Care Facility**

This fund is a 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.



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

**Agency Funds**

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. 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, Deferred Outflows/Inflows of Resources and Net Position/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.

An allowance for uncollectible accounts receivables has been determined to be zero.

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

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.

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.

Unearned 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.

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has no items that qualify for reporting in this category.

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

**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.

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.

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

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	\$ 17,983,350	\$ 18,767,641	\$ 36,750,991	\$ 1,035,038	\$ 1,207,794
Total	<u>\$ 17,983,350</u>	<u>\$ 18,767,641</u>	<u>\$ 36,750,991</u>	<u>\$ 1,035,038</u>	<u>\$ 1,207,794</u>

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Investments	\$ 7,016,869	\$ -	\$ -
Bank Deposits (checking and savings accounts, certificates of deposit)	29,732,013	1,035,038	1,207,594
Petty Cash and Cash on Hand	<u>2,109</u>	<u>-</u>	<u>200</u>
Total	<u>\$ 36,750,991</u>	<u>\$ 1,035,038</u>	<u>\$ 1,207,794</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	\$ 3,503,136	\$ 3,503,136	\$ -	\$ -	N/A	49.9%
Mutual Funds	1,233	1,233	-	-	AAA	.1%
Variable Income	<u>3,512,500</u>	<u>3,512,500</u>	<u>-</u>	<u>-</u>	N/A	<u>50.0%</u>
Total Investments	<u>\$ 7,016,869</u>	<u>\$ 7,016,869</u>	<u>\$ -</u>	<u>\$ -</u>		<u>100.0%</u>

*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.

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

*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, \$23,399,885 of the County's bank balance of \$25,251,493 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 \$7,016,869 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>Adjustments/ Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,172,082	\$ -	\$ -	\$ 11,172,082
<i>Capital assets being depreciated:</i>				
Buildings	9,278,701	-	(21,000)	9,257,701
Land Improvements	1,517,750	-	-	1,517,750
Machinery and Equipment	4,568,824	407,756	(70,945)	4,905,635
Subtotal	<u>15,365,275</u>	<u>407,756</u>	<u>(91,945)</u>	<u>15,681,086</u>

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Less accumulated depreciation for:</i>				
Buildings	(4,162,163)	(165,279)	2,940	(4,324,502)
Land Improvements	(1,517,750)	-	-	(1,517,750)
Machinery and Equipment	<u>(3,052,305)</u>	<u>(469,558)</u>	<u>68,149</u>	<u>(3,453,714)</u>
Subtotal	<u>(8,732,218)</u>	<u>(634,837)</u>	<u>71,089</u>	<u>(9,295,966)</u>
Net Capital Assets Being Depreciated	<u>6,633,057</u>	<u>(227,081)</u>	<u>(20,856)</u>	<u>6,385,120</u>
Capital Assets - Net of Depreciation	<u>\$ 17,805,139</u>	<u>\$ (227,081)</u>	<u>\$ (20,856)</u>	<u>\$ 17,557,202</u>

Depreciation expense was charged to programs of the Governmental Activities as follows:

Judicial	\$ 39,296
General Government	214,956
Public Safety	290,311
Health and Welfare	62,468
Recreation and Culture	<u>27,806</u>
Total Depreciation	<u>\$ 634,837</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 336,254	\$ -	\$ -	\$ 336,254
Construction in Progress	<u>1,583,066</u>	<u>2,294,842</u>	<u>-</u>	<u>3,877,908</u>
Subtotal	<u>1,919,320</u>	<u>2,294,842</u>	<u>-</u>	<u>4,214,162</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	177,805	1,182,163	(25,287)	1,334,681
Buildings	5,864,369	9,123,692	(206,349)	14,781,712
Furniture, Fixtures, and Equipment	5,304,780	742,945	(52,209)	5,995,516
Vehicles	<u>1,670,276</u>	<u>45,789</u>	<u>(118,729)</u>	<u>1,597,336</u>
Subtotal	<u>13,017,230</u>	<u>11,094,589</u>	<u>(402,574)</u>	<u>23,709,245</u>



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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<i>Less accumulated depreciation for:</i>				
Land Improvements	(132,941)	(75,122)	25,287	(182,776)
Building	(4,572,321)	(523,784)	190,264	(4,905,841)
Furniture, Fixtures, and Equipment	(3,205,883)	(288,143)	48,766	(3,445,260)
Vehicles	<u>(681,787)</u>	<u>(209,515)</u>	<u>118,729</u>	<u>(772,573)</u>
Subtotal	<u>(8,592,932)</u>	<u>(1,096,564)</u>	<u>383,046</u>	<u>(9,306,450)</u>
Net Capital Assets Being Depreciated	<u>4,424,298</u>	<u>9,998,025</u>	<u>(19,528)</u>	<u>14,402,795</u>
Capital Assets - Net of Depreciation	<u>\$ 6,343,618</u>	<u>\$ 12,292,867</u>	<u>\$ (19,528)</u>	<u>\$ 18,616,957</u>

Depreciation expense was charged to programs of the Business-type Activities as follows:

Medical Care Facility	\$ 700,569
Airport	144,703
Hydro Electric	22,911
Transportation	<u>228,381</u>
Total Depreciation	<u>\$ 1,096,564</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	\$ 119,860	\$ -	\$ -	\$ 119,860
Infrastructure and Land Improvements	<u>15,082,063</u>	<u>226,158</u>	<u>-</u>	<u>15,308,221</u>
Subtotal	<u>15,201,923</u>	<u>226,158</u>	<u>-</u>	<u>15,428,081</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,470,421	8,850	-	2,479,271
Road Equipment	6,375,088	507,183	(34,641)	6,847,630
Shop Equipment	166,956	21,282	-	188,238
Office Equipment	88,630	780	(2,679)	86,731
Engineer's Equipment	50,979	-	(458)	50,521
Yard and Storage Equipment	943,749	-	-	943,749
Infrastructure – Bridges	1,385,552	-	-	1,385,552
Infrastructure – Roads	<u>24,859,701</u>	<u>819,686</u>	<u>-</u>	<u>25,679,387</u>
Subtotal	<u>36,341,076</u>	<u>1,357,781</u>	<u>(37,778)</u>	<u>37,661,079</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	(1,048,922)	(54,955)	-	(1,103,877)
Road Equipment	(5,365,424)	(344,689)	34,641	(5,675,472)
Shop Equipment	(140,470)	(9,171)	-	(149,641)
Office Equipment	(76,553)	(6,531)	2,679	(80,405)
Engineer's Equipment	(46,041)	(1,980)	458	(47,563)
Yard and Storage Equipment	(921,736)	(3,087)	-	(924,823)
Infrastructure – Bridges	(710,685)	(39,887)	-	(750,572)
Infrastructure – Roads	<u>(15,119,434)</u>	<u>(1,338,165)</u>	<u>-</u>	<u>(16,457,599)</u>
Subtotal	<u>(23,429,265)</u>	<u>(1,798,465)</u>	<u>37,778</u>	<u>(25,189,952)</u>
Net Capital Assets Being Depreciated	<u>12,911,811</u>	<u>(440,684)</u>	<u>-</u>	<u>12,471,127</u>
Total Net Capital Assets	<u>\$ 28,113,734</u>	<u>\$ (214,526)</u>	<u>\$ -</u>	<u>\$ 27,899,208</u>

Depreciation expense was charged to operations as follows:

Primary Roads	\$ 637,798
Local Roads	740,254
Equipment	411,902
Administration	<u>8,511</u>
Total	<u>\$ 1,798,465</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:

		TRANSFERS OUT							
TRANSFERS IN		General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Meadow Brook Renovations	Nonmajor Governmental	Medical Care Facility	Total
		General Fund	\$ 553,406	\$ 473,982	\$ 25,000	\$ -	\$ -	\$ -	\$ -
	Services for Aged	55,000	-	-	-	-	-	-	55,000
	Nonmajor Governmental	135,542	-	-	40,246	-	26,830	827,875	1,030,493
	Medical Care Facility	-	-	-	-	11,764,318	-	-	11,764,318
	Nonmajor Enterprise	422,751	-	-	-	-	-	-	422,751
	<b>Total</b>	<u>\$ 1,166,699</u>	<u>\$ 473,982</u>	<u>\$ 25,000</u>	<u>\$ 40,246</u>	<u>\$ 11,764,318</u>	<u>\$ 26,830</u>	<u>\$ 827,875</u>	<u>\$ 14,324,950</u>

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

**NOTE 6 - LONG-TERM DEBT**

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

	Balance 01/01/13	Increases	Decreases	Balance 12/31/13	Due Within One Year
<b>Governmental Activities:</b>					
Installment contract secured by vehicle, due in in annual installments of \$6,032 through 2015, including interest of 4.522% due annually.	\$ 16,388	-	5,462	10,926	5,463
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	-	400,000	13,200,000	500,000
Total Long-Term Debt	<u>\$ 13,616,388</u>	<u>\$ -</u>	<u>\$ 405,462</u>	<u>\$ 13,210,926</u>	<u>\$ 505,463</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>Principal</u>	<u>Interest</u>
2014	\$ 505,463	\$ 414,695
2015	505,463	399,695
2016	500,000	384,125
2017	500,000	369,125
2018	550,000	353,375
2019-2023	3,100,000	1,503,625
2024-2028	4,850,000	914,688
Thereafter	<u>2,700,000</u>	<u>96,250</u>
Total	<u>\$ 13,210,926</u>	<u>\$ 4,435,578</u>

*Component Unit*

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

	Balance 01/01/13	Increases	Decreases	Balance 12/31/13	Due Within One Year
General Obligation:					
Compensated Absences	\$ 138,378	\$ 499	\$ -	\$ 138,877	\$ -
Post Employment Health Care (OPEB)	229,192	56,903	-	286,095	-
Total	<u>\$ 367,570</u>	<u>\$ 57,402</u>	<u>\$ -</u>	<u>\$ 424,972</u>	<u>\$ -</u>

Compensated absences are for accumulated personal, sick and vacation days. At December 31, 2013 the total accumulated liability was \$138,877.

**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, 2012.

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, 2013 is as follows:

General	13.70%
Sheriff	13.40%
Dial-a-Ride	14.60%

Annual Pension Cost

During the calendar year ended December 31, 2013, the County’s contributions totaled \$1,138,367 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, 2012, 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 26 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>
2011	\$ 1,024,032	100%	0
2012	1,069,836	100%	0
2013	1,138,367	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, 2012.

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, 2012 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 26 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 2012. 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, 2012 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 \$441,000 for the year ended December 31, 2013. 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>
2011	\$ 420,276	100%	0
2012	445,465	100%	0
2013	441,000	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>(7,600)</u>
Increase in Net OPEB Obligation	28,507
Net OPEB Obligation Beginning of Year	<u>127,662</u>
Net OPEB Obligation End of Year	<u>\$ 156,169</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 2011, 2012 and 2013 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>
2011	\$ 36,107	24.9%	\$ 96,355
2012	36,107	13.3%	127,662
2013	36,107	21.0%	156,169

*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 2013 the County contributed \$7,600 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 2013 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>(50,006)</u>
Increase in Net OPEB Obligation	56,903
Net OPEB Obligation Beginning of Year	<u>229,192</u>
Net OPEB Obligation End of Year	<u>\$ 286,095</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 \$50,006. There were 33 active employees at December 31, 2013.

**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, 2013 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 11 - EXCESS EXPENDITURES OVER APPROPRIATIONS**

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

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Services for Aged:			
Health and Welfare	1,076,615	1,090,490	(13,875)

**NOTE 12 – PRIOR PERIOD ADJUSTMENTS**

In 2012, the County recorded the activity in the Meadowbrook Capital Projects Fund and related Debt Service Fund in the Meadowbrook Proprietary Fund. Further review showed this activity should be recorded in the governmental funds. The effect of this restatement is to increase the fund balances of the governmental funds at 12/31/12 as follows:

Debt Service	\$ 99,795
Capital Projects	<u>14,874,240</u>
Total increase in fund Balance	<u>\$ 14,974,035</u>

This adjustment also decreased the governmental funds net position as follows:

Increase in fund Balance	\$ 14,974,035
Decrease for bonds Payable	<u>(13,600,000)</u>
Net decrease in Net Position as of December 31, 2012	<u>\$ 1,374,035</u>

In addition to the adjustment detailed above the County had a complete capital asset inventory performed which resulted in adjustments to the December 31, 2012 capital asset totals as follows:

Capital asset costs decreased	\$ 130,207
Accumulated Depreciation increased	<u>165,424</u>
Decrease in net capital assets	<u>\$ 295,631</u>

**NOTE 12 – PRIOR PERIOD ADJUSTMENTS (Continued)**

The two adjustments decreased the governmental activities Net Position as follows:

Decrease in capital asset costs	\$ (130,207)
Increase in accumulated depreciation	(165,424)
Cash/fund balance increase in debt service fund	99,795
Cash/fund balance increase in MCF capital Projects fund	14,874,240
Subtraction for bonds payable	<u>(13,600,000)</u>
	<u>\$ 1,078,404</u>
Net Position December 31, 2012 as previously reported	\$ 32,813,058
Adjustments above	<u>1,078,404</u>
Net Position December 31, 2012 as restated	<u>\$ 33,891,462</u>

This adjustment will decrease the proprietary funds by \$7,057 at 12/31/12 resulting from the recording of the cash in the governmental funds instead of the proprietary fund. However, this decrease will be offset by recording the capital outlay portion in the proprietary fund.

## **Required Supplementary Information**

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**Pension:**

***Primary Government***

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

	2010	2011	2012
Actuarial Value of Assets	\$ 25,204,532	\$ 26,428,773	\$ 27,575,708
Actuarial Accrued Liability	29,723,527	31,456,078	33,255,992
Unfunded AAL	4,518,995	5,027,305	5,680,284
Funded Ratio	85%	84%	83%
Covered Payroll	11,407,938	11,397,404	11,592,416
UAAL as a Percentage of Covered Payroll	40%	44%	49%

***Road Commission – Component Unit***

	2010	2011	2012
Actuarial Value of Assets	\$ 6,379,544	\$ 6,415,349	\$ 6,282,734
Actuarial Accrued Liability	11,631,035	12,061,908	11,810,420
Unfunded AAL	5,251,491	5,646,559	5,527,686
Funded Ratio	55%	53%	53%
Covered Payroll	1,479,712	1,244,877	1,271,679
UAAL as a Percentage of Covered Payroll	355%	454%	435%

**Health Plan:**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	-

# County of Antrim, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Funds For the Year Ended December 31, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and Penalties	\$ 9,952,375	\$ 9,956,447	\$ 9,214,739	\$ (741,708)
Licenses and Permits	158,900	172,512	180,710	8,198
Federal Grants	68,000	53,578	89,294	35,716
State Grants	818,034	709,096	756,294	47,198
Charges for Services	1,107,180	1,197,458	1,228,035	30,577
Fines and Forfeits	3,000	3,000	1,400	(1,600)
Interest and Rents	255,262	258,131	276,956	18,825
Other Revenues	232,350	339,436	272,883	(66,553)
<b>TOTAL REVENUES</b>	<b>12,595,101</b>	<b>12,689,658</b>	<b>12,020,311</b>	<b>(669,347)</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	220,407	227,792	212,066	15,726
<b>Total Legislative</b>	<b>220,407</b>	<b>227,792</b>	<b>212,066</b>	<b>15,726</b>
Judicial:				
Circuit Court	410,000	425,744	354,601	71,143
Family Court	498,242	501,087	463,016	38,071
Family Court Detention Service	20,000	20,000	12,482	7,518
Circuit Court Probation	3,000	3,000	2,047	953
District Court	653,399	683,754	610,551	73,203
Friend of the Court	90,000	90,000	74,884	15,116
Probate Court	301,292	302,023	271,233	30,790
Jury Commission	4,055	4,067	2,108	1,959
<b>Total Judicial</b>	<b>1,979,988</b>	<b>2,029,675</b>	<b>1,790,922</b>	<b>238,753</b>
General Government:				
County Administrator	225,777	231,114	232,408	(1,294)
Accountant	68,164	68,661	56,676	11,985
Budget	52,600	95,680	79,475	16,205
Clerk	321,455	325,106	304,620	20,486
Communications Department	123,950	123,950	120,451	3,499
Computer	190,886	194,155	157,173	36,982
Grass River	54,550	54,550	54,585	(35)
Buildings and Structures	8,000	17,775	3,518	14,257
Information Technology Transition	26,580	26,580	9,446	17,134
Prosecuting Attorney-Legal	100	100	-	100
GIS Implementation	6,750	6,750	3,935	2,815
Purchasing	43,650	43,650	31,500	12,150
Treasurer	242,304	244,218	236,397	7,821
Equalization	223,786	246,713	233,441	13,272
MSU Extension	150,158	150,765	143,363	7,402
Elections	36,901	37,895	21,481	16,414
Grove Street Anex	14,850	14,850	6,945	7,905
Courthouse	112,424	113,145	98,901	14,244
County Building and Grounds	478,734	490,120	424,300	65,820
Prosecuting Attorney	505,056	523,465	483,333	40,132
Register of Deeds	219,305	221,084	204,950	16,134
Microfilm	10,750	10,750	4,094	6,656
Victims' Rights	67,015	67,930	59,024	8,906
Prosecuting Attorney Child Support IVD	44,440	44,465	25,020	19,445
Drain Commissioner	550	910	864	46
Abstract	148,524	149,891	136,935	12,956
Survey and Remonumentation	37,600	37,600	34,811	2,789
<b>Total General Government</b>	<b>3,414,859</b>	<b>3,541,872</b>	<b>3,167,646</b>	<b>374,226</b>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	2,933,111	3,110,055	2,914,111	195,944
Marine Safety	157,149	149,149	121,365	27,784
Secondary Road Patrol	177,029	60,042	38,973	21,069
Jail	375,729	392,540	381,844	10,696
Zero Tolerance	74,750	82,750	64,224	18,526
Emergency Services	59,798	61,104	51,229	9,875
Gun Board	600	22,074	22,074	-
Animal Control	184,850	186,581	162,713	23,868
Total Public Safety	<u>3,963,016</u>	<u>4,064,295</u>	<u>3,756,533</u>	<u>307,762</u>
Public Works:				
Dams	67,097	129,972	127,945	2,027
Total Public Works	<u>67,097</u>	<u>129,972</u>	<u>127,945</u>	<u>2,027</u>
Health and Welfare:				
Health Department/Mental Health/Medical Examiner	551,339	553,244	531,673	21,571
Agency on Aging	6,723	6,723	6,556	167
Welfare	5,590	5,911	5,605	306
Housing	55,520	56,540	57,679	(1,139)
Veterans' Affairs	59,920	72,318	69,229	3,089
County-Wide Recycling	328,400	328,400	376,492	(48,092)
Soldiers Relief	55,000	55,000	42,878	12,122
Total Health and Welfare	<u>1,062,492</u>	<u>1,078,136</u>	<u>1,090,112</u>	<u>(11,976)</u>
Community and Economic Development:				
Resource Recovery	22,856	22,858	15,899	6,959
Planning Commission	9,630	9,639	5,394	4,245
Planner/Coordinator	65,078	66,259	56,609	9,650
EDC	4,544	4,546	1,052	3,494
Total Community and Economic Development	<u>102,108</u>	<u>103,302</u>	<u>78,954</u>	<u>24,348</u>
Recreation and Culture:				
Parks Commission	4,034	4,037	717	3,320
Parks	234,867	246,054	226,415	19,639
Park Fund Raiser	2,000	2,000	1,963	37
Parks - Antrim Creek	16,794	16,794	11,696	5,098
Total Recreation and Culture	<u>257,695</u>	<u>268,885</u>	<u>240,791</u>	<u>28,094</u>
Capital Outlay	135,335	181,250	210,188	(28,938)
Other:				
Appropriations	267,063	267,063	259,063	8,000
Other	375,000	186,829	21,642	165,187
Insurance and Fringes	641,370	461,004	456,633	4,371
Total Other	<u>1,283,433</u>	<u>914,896</u>	<u>737,338</u>	<u>177,558</u>
Debt Service:				
Principal	5,463	5,463	5,463	-
Interest Expense	570	570	570	-
Total Debt Service	<u>6,033</u>	<u>6,033</u>	<u>6,033</u>	<u>-</u>
<b>TOTAL EXPENDITURES</b>	<u>12,492,463</u>	<u>12,546,108</u>	<u>11,418,528</u>	<u>1,127,580</u>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		(Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	102,638	143,550	601,783	458,233
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,077,311	1,107,653	1,052,388	(55,265)
Operating Transfers Out	(1,297,459)	(1,237,314)	(1,166,699)	70,615
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (117,510)	\$ 13,889	487,472	\$ 473,583
FUND BALANCES, JANUARY 1			9,397,137	
FUND BALANCES, DECEMBER 31			\$ 9,884,609	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Revenue Sharing Reserve Fund  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(474,445)	(474,445)	(473,982)	463
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	<u>\$ (474,445)</u>	<u>\$ (474,445)</u>	(473,982)	<u>\$ 463</u>
FUND BALANCE - BEGINNING OF YEAR			<u>3,378,369</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,904,387</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Services for Aged  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 668,624	\$ 668,624	\$ 668,628	\$ 4
Federal Sources	29,145	29,145	27,533	(1,612)
State Sources	103,421	103,421	109,458	6,037
Charges for Services	225,700	225,700	232,088	6,388
Interest and Rents	3,506	3,506	4,019	513
Other Revenue	15,150	15,150	26,964	11,814
<b>TOTAL REVENUES</b>	<u>1,045,546</u>	<u>1,045,546</u>	<u>1,068,690</u>	<u>23,144</u>
<b>EXPENDITURES:</b>				
Health and Welfare	1,076,615	1,076,615	1,090,490	(13,875)
<b>TOTAL EXPENDITURES</b>	<u>1,076,615</u>	<u>1,076,615</u>	<u>1,090,490</u>	<u>(13,875)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES (EXPENDITURES)</b>	(31,069)	(31,069)	(21,800)	9,269
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	55,000	55,000	55,000	-
Operating Transfers Out	(25,000)	(25,000)	(25,000)	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (1,069)</u>	<u>\$ (1,069)</u>	8,200	<u>\$ 9,269</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>22,737</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 30,937</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Housing Project Income  
For the Year Ended December 31, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal	\$ 13,100	\$ 15,526	\$ -	\$ (15,526)
Interest and Rents	4,560	4,560	4,898	338
Other Revenue	60,000	79,588	92,328	12,740
<b>TOTAL REVENUES</b>	<b>77,660</b>	<b>99,674</b>	<b>97,226</b>	<b>(2,448)</b>
EXPENDITURES:				
Health and Welfare	51,950	68,192	-	68,192
<b>EXCESS (DEFICIENCY) OF REVENUES (EXPENDITURES)</b>	<b>25,710</b>	<b>31,482</b>	<b>97,226</b>	<b>65,744</b>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 35,000	39,846	-	\$ (39,846)
Operating Transfers Out	(55,500)	(71,000)	(40,246)	30,754
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 5,210</b>	<b>\$ 328</b>	<b>56,980</b>	<b>\$ 56,652</b>
FUND BALANCE - BEGINNING OF YEAR			32,507	
FUND BALANCE - END OF YEAR			\$ 89,487	

## **Other Information**

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# County of Antrim, Michigan

## Combining Balance Sheet General Funds December 31, 2013

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal	Information Technology Transition	Grass River
<b>ASSETS:</b>									
Cash and Equivalents - Unrestricted	\$ 6,587,453	\$ 106,902	\$ 577,760	\$ 87,371	\$ 56,513	\$ 260,904	\$ 138	\$ 122,590	\$ 48,373
Receivables:									
Taxes	691,464	-	-	-	-	-	-	-	-
Accounts	237,332	-	-	-	-	-	-	-	-
Due From Other Governmental Units	168,833	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 7,685,082</u>	<u>\$ 106,902</u>	<u>\$ 577,760</u>	<u>\$ 87,371</u>	<u>\$ 56,513</u>	<u>\$ 260,904</u>	<u>\$ 138</u>	<u>\$ 122,590</u>	<u>\$ 48,373</u>
<b>LIABILITIES:</b>									
Accounts Payable	\$ 352,307	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	128,398	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>480,705</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>									
Committed	-	-	-	-	-	-	138	-	48,373
Assigned	-	106,902	577,760	87,371	56,513	260,904	-	122,590	-
Unassigned	7,204,377	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>7,204,377</u>	<u>106,902</u>	<u>577,760</u>	<u>87,371</u>	<u>56,513</u>	<u>260,904</u>	<u>138</u>	<u>122,590</u>	<u>48,373</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,685,082</u>	<u>\$ 106,902</u>	<u>\$ 577,760</u>	<u>\$ 87,371</u>	<u>\$ 56,513</u>	<u>\$ 260,904</u>	<u>\$ 138</u>	<u>\$ 122,590</u>	<u>\$ 48,373</u>

# County of Antrim, Michigan

## Combining Balance Sheet General Funds December 31, 2013

	County-Wide Recycling	Park Fund Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant	Soldier's Relief	Self-Insured Reserve	Capital Project Building & Structures	Totals
<b>ASSETS:</b>									
Cash and Equivalents - Unrestricted	\$ 105,865	\$ 4,966	\$ 26,156	\$ 663,486	\$ 7,753	\$ 35,017	\$ 278,582	\$ 362,818	\$ 9,332,647
Receivables:									
Taxes	-	-	-	-	-	-	-	-	691,464
Accounts	-	-	11	-	-	-	-	-	237,343
Due From Other Governmental Units	-	-	-	-	-	-	-	-	168,833
<b>TOTAL ASSETS</b>	<u>\$ 105,865</u>	<u>\$ 4,966</u>	<u>\$ 26,167</u>	<u>\$ 663,486</u>	<u>\$ 7,753</u>	<u>\$ 35,017</u>	<u>\$ 278,582</u>	<u>\$ 362,818</u>	<u>\$ 10,430,287</u>
<b>LIABILITIES:</b>									
Accounts Payable	\$ 64,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 417,280
Due to Other Governmental Units	-	-	-	-	-	-	-	-	128,398
<b>TOTAL LIABILITIES</b>	<u>64,973</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>545,678</u>
<b>FUND BALANCES:</b>									
Committed	40,892	-	-	-	-	-	-	362,818	452,221
Assigned	-	-	26,167	-	-	35,017	-	-	1,273,224
Unassigned	-	4,966	-	663,486	7,753	-	278,582	-	8,159,164
<b>TOTAL FUND BALANCES</b>	<u>40,892</u>	<u>4,966</u>	<u>26,167</u>	<u>663,486</u>	<u>7,753</u>	<u>35,017</u>	<u>278,582</u>	<u>362,818</u>	<u>9,884,609</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 105,865</u>	<u>\$ 4,966</u>	<u>\$ 26,167</u>	<u>\$ 663,486</u>	<u>\$ 7,753</u>	<u>\$ 35,017</u>	<u>\$ 278,582</u>	<u>\$ 362,818</u>	<u>\$ 10,430,287</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
General Funds  
For the Year Ended December 31, 2013**

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal	Information Technology Transition	Grass River
<b>REVENUES:</b>									
Taxes	\$ 9,214,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	180,710	-	-	-	-	-	-	-	-
Federal Sources	89,294	-	-	-	-	-	-	-	-
State Sources	756,294	-	-	-	-	-	-	-	-
Charges for Services	1,222,689	-	-	-	-	-	-	-	-
Fines and Forfeitures	1,400	-	-	-	-	-	-	-	-
Interest and Rents	272,130	183	1,062	192	95	437	-	228	76
Other Revenue	248,209	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>11,985,465</b>	<b>183</b>	<b>1,062</b>	<b>192</b>	<b>95</b>	<b>437</b>	<b>-</b>	<b>228</b>	<b>76</b>
<b>EXPENDITURES:</b>									
Legislative	212,066	-	-	-	-	-	-	-	-
Judicial	1,790,922	-	-	-	-	-	-	-	-
General Government	3,096,162	-	-	-	-	-	-	9,446	54,585
Public Safety	3,756,533	-	-	-	-	-	-	-	-
Public Works	127,945	-	-	-	-	-	-	-	-
Health and Welfare	670,742	-	-	-	-	-	-	-	-
Community/Economic Development	78,954	-	-	-	-	-	-	-	-
Recreation and Cultural	238,828	-	-	-	-	-	-	-	-
Other	737,338	-	-	-	-	-	-	-	-
Debt Service	6,033	-	-	-	-	-	-	-	-
Capital Outlay	163,252	-	-	-	-	-	-	9,115	-
<b>TOTAL EXPENDITURES</b>	<b>10,878,775</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,561</b>	<b>54,585</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,106,690</b>	<b>183</b>	<b>1,062</b>	<b>192</b>	<b>95</b>	<b>437</b>	<b>-</b>	<b>(18,333)</b>	<b>(54,509)</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating Transfers In	601,661	-	-	-	-	-	-	-	54,150
Operating Transfers Out	(1,073,485)	(2,679)	(61,250)	(29,285)	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>634,866</b>	<b>(2,496)</b>	<b>(60,188)</b>	<b>(29,093)</b>	<b>95</b>	<b>437</b>	<b>-</b>	<b>(18,333)</b>	<b>(359)</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>6,569,511</b>	<b>109,398</b>	<b>637,948</b>	<b>116,464</b>	<b>56,418</b>	<b>260,467</b>	<b>138</b>	<b>140,923</b>	<b>48,732</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 7,204,377</b>	<b>\$ 106,902</b>	<b>\$ 577,760</b>	<b>\$ 87,371</b>	<b>\$ 56,513</b>	<b>\$ 260,904</b>	<b>\$ 138</b>	<b>\$ 122,590</b>	<b>\$ 48,373</b>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
General Funds  
For the Year Ended December 31, 2013**

	County-Wide Recycling	Park Fund Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant Fund	Soldier's Relief	Self-Insured Reserve	Capital Project Buildings & Structures	Totals
<b>REVENUES:</b>									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,214,739
Licenses and Permits	-	-	-	-	-	-	-	-	180,710
Federal Sources	-	-	-	-	-	-	-	-	89,294
State Sources	-	-	-	-	-	-	-	-	756,294
Charges for Services	-	-	5,346	-	-	-	-	-	1,228,035
Fines and Forfeitures	-	-	-	-	-	-	-	-	1,400
Interest and Rents	299	9	44	1,110	13	-	466	612	276,956
Other Revenue	-	2,087	-	-	-	520	-	22,067	272,883
<b>TOTAL REVENUES</b>	<b>299</b>	<b>2,096</b>	<b>5,390</b>	<b>1,110</b>	<b>13</b>	<b>520</b>	<b>466</b>	<b>22,679</b>	<b>12,020,311</b>
<b>EXPENDITURES:</b>									
Legislative	-	-	-	-	-	-	-	-	212,066
Judicial	-	-	-	-	-	-	-	-	1,790,922
General Government	-	-	3,935	-	-	-	-	3,518	3,167,646
Public Safety	-	-	-	-	-	-	-	-	3,756,533
Public Works	-	-	-	-	-	-	-	-	127,945
Health and Welfare	376,492	-	-	-	-	42,878	-	-	1,090,112
Community/Economic Development	-	-	-	-	-	-	-	-	78,954
Recreation and Cultural	-	1,963	-	-	-	-	-	-	240,791
Other	-	-	-	-	-	-	-	-	737,338
Debt Service	-	-	-	-	-	-	-	-	6,033
Capital Outlay	-	-	-	-	-	-	-	37,821	210,188
<b>TOTAL EXPENDITURES</b>	<b>376,492</b>	<b>1,963</b>	<b>3,935</b>	<b>-</b>	<b>-</b>	<b>42,878</b>	<b>-</b>	<b>41,339</b>	<b>11,418,528</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(376,193)</b>	<b>133</b>	<b>1,455</b>	<b>1,110</b>	<b>13</b>	<b>(42,358)</b>	<b>466</b>	<b>(18,660)</b>	<b>601,783</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating Transfers In	328,400	-	-	-	-	54,915	-	13,262	1,052,388
Operating Transfers Out	-	-	-	-	-	-	-	-	(1,166,699)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(47,793)</b>	<b>133</b>	<b>1,455</b>	<b>1,110</b>	<b>13</b>	<b>12,557</b>	<b>466</b>	<b>(5,398)</b>	<b>487,472</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>88,685</b>	<b>4,833</b>	<b>24,712</b>	<b>662,376</b>	<b>7,740</b>	<b>22,460</b>	<b>278,116</b>	<b>368,216</b>	<b>9,397,137</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 40,892</b>	<b>\$ 4,966</b>	<b>\$ 26,167</b>	<b>\$ 663,486</b>	<b>\$ 7,753</b>	<b>\$ 35,017</b>	<b>\$ 278,582</b>	<b>\$ 362,818</b>	<b>\$ 9,884,609</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 8,425	\$ 452,175	\$ 730	\$ 5,925	\$ 9,485	\$ 268,995	\$ 1,845	\$ 64,379
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	6,104	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 8,425</b>	<b>\$ 458,279</b>	<b>\$ 730</b>	<b>\$ 5,925</b>	<b>\$ 9,485</b>	<b>\$ 268,995</b>	<b>\$ 1,845</b>	<b>\$ 64,379</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 225
Accrued Liabilities	-	-	-	-	-	3,000	-	-
Due to Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,000</b>	<b>-</b>	<b>225</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
<b>FUND BALANCE:</b>								
Restricted	8,425	-	730	5,925	9,485	-	-	-
Committed	-	-	-	-	-	-	-	64,154
Assigned	-	458,279	-	-	-	265,995	1,845	-
<b>TOTAL FUND BALANCES</b>	<b>8,425</b>	<b>458,279</b>	<b>730</b>	<b>5,925</b>	<b>9,485</b>	<b>265,995</b>	<b>1,845</b>	<b>64,154</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 8,425</b>	<b>\$ 458,279</b>	<b>\$ 730</b>	<b>\$ 5,925</b>	<b>\$ 9,485</b>	<b>\$ 268,995</b>	<b>\$ 1,845</b>	<b>\$ 64,379</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

Special Revenue Funds

	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Operating	E-911 Wireless
<b>ASSETS:</b>								
Cash and Equivalents	\$ 24,806	\$ 334,216	\$ 2,002	\$ -	\$ 38,800	\$ 19,630	\$ 401,635	\$ 186,557
Receivables:								
Taxes	-	-	-	-	-	-	847,113	-
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	35,158
<b>TOTAL ASSETS</b>	<b>\$ 24,806</b>	<b>\$ 334,216</b>	<b>\$ 2,002</b>	<b>\$ -</b>	<b>\$ 38,800</b>	<b>\$ 19,630</b>	<b>\$ 1,248,748</b>	<b>\$ 221,715</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 8,494	\$ 2,560	\$ -	\$ -	\$ 4,235	\$ -	\$ 1,587	\$ 735
Accrued Liabilities	-	6,297	-	-	-	-	16,052	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>8,494</b>	<b>8,857</b>	<b>-</b>	<b>-</b>	<b>4,235</b>	<b>-</b>	<b>17,639</b>	<b>735</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	846,992	-
<b>FUND BALANCE:</b>								
Restricted	-	325,359	-	-	34,565	19,630	384,117	220,980
Committed	16,312	-	2,002	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>16,312</b>	<b>325,359</b>	<b>2,002</b>	<b>-</b>	<b>34,565</b>	<b>19,630</b>	<b>384,117</b>	<b>220,980</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 24,806</b>	<b>\$ 334,216</b>	<b>\$ 2,002</b>	<b>\$ -</b>	<b>\$ 38,800</b>	<b>\$ 19,630</b>	<b>\$ 1,248,748</b>	<b>\$ 221,715</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

	Special Revenue Funds							
	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant	AC Breast Cancer
ASSETS:								
Cash and Equivalents	\$ 30,290	\$ 8,903	\$ 100	\$ 20,385	\$ 4,310	\$ 13,400	\$ 2,710	\$ 10,000
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	132	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 30,290</b>	<b>\$ 8,903</b>	<b>\$ 100</b>	<b>\$ 20,385</b>	<b>\$ 4,442</b>	<b>\$ 13,400</b>	<b>\$ 2,710</b>	<b>\$ 10,000</b>
LIABILITIES:								
Accounts Payable	\$ 216	\$ 1,862	\$ -	\$ -	\$ 1,745	\$ -	\$ 711	\$ -
Accrued Liabilities	-	-	-	-	-	-	1,586	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>216</b>	<b>1,862</b>	<b>-</b>	<b>-</b>	<b>1,745</b>	<b>-</b>	<b>2,297</b>	<b>-</b>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCE:								
Restricted	30,074	-	100	20,385	2,697	-	413	10,000
Committed	-	7,041	-	-	-	13,400	-	-
Assigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>30,074</b>	<b>7,041</b>	<b>100</b>	<b>20,385</b>	<b>2,697</b>	<b>13,400</b>	<b>413</b>	<b>10,000</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 30,290</b>	<b>\$ 8,903</b>	<b>\$ 100</b>	<b>\$ 20,385</b>	<b>\$ 4,442</b>	<b>\$ 13,400</b>	<b>\$ 2,710</b>	<b>\$ 10,000</b>

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2013**

	Special Revenue Funds							
	Probate Grant	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
<b>ASSETS:</b>								
Cash and Equivalents	\$ 2,351	\$ 844	\$ -	\$ 4,506	\$ 229,074	\$ 898	\$ 22,047	\$ 99,948
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	1,090	-	-	-	-	-	320	-
Due From Other Governmental Units	-	-	-	-	18,297	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,441</b>	<b>\$ 844</b>	<b>\$ -</b>	<b>\$ 4,506</b>	<b>\$ 247,371</b>	<b>\$ 898</b>	<b>\$ 22,367</b>	<b>\$ 99,948</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 49,454	\$ -	\$ 7,435	\$ -
Accrued Liabilities	256	-	-	-	-	-	2,600	-
Due to Other Governmental Units	-	1	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>256</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>49,454</b>	<b>-</b>	<b>10,035</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
<b>FUND BALANCE:</b>								
Restricted	3,185	843	-	4,506	197,917	898	-	99,948
Committed	-	-	-	-	-	-	12,332	-
Assigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>3,185</b>	<b>843</b>	<b>-</b>	<b>4,506</b>	<b>197,917</b>	<b>898</b>	<b>12,332</b>	<b>99,948</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 3,441</b>	<b>\$ 844</b>	<b>\$ -</b>	<b>\$ 4,506</b>	<b>\$ 247,371</b>	<b>\$ 898</b>	<b>\$ 22,367</b>	<b>\$ 99,948</b>



	Debt Service Fund	Capital Project Fund	
	2005 Courthouse	Grass River N A Interpretive Center	Total
<b>ASSETS:</b>			
Cash and Equivalents	\$ 11,007	\$ 214,817	\$ 2,495,195
Receivables:			
Taxes	-	-	847,113
Accounts	-	-	7,646
Due From Other Governmental Units	-	-	53,455
<b>TOTAL ASSETS</b>	<b>\$ 11,007</b>	<b>\$ 214,817</b>	<b>\$ 3,403,409</b>
<b>LIABILITIES:</b>			
Accounts Payable	\$ -	\$ -	\$ 79,259
Accrued Liabilities	-	-	29,791
Due to Other Governmental Units	-	-	1
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>109,051</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>			
Taxes Levied for a Subsequent Period	-	-	846,992
<b>FUND BALANCE:</b>			
Restricted	11,007	214,817	1,606,006
Committed	-	-	115,241
Assigned	-	-	726,119
<b>TOTAL FUND BALANCES</b>	<b>11,007</b>	<b>214,817</b>	<b>2,447,366</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,007</b>	<b>\$ 214,817</b>	<b>\$ 3,403,409</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

	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:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	4,840	-	-	74,585	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	15	728	-	19	18	383	5	108
Other Revenue	15	38,418	-	-	2,635	-	4,793	6,465
<b>TOTAL REVENUES</b>	<b>30</b>	<b>39,146</b>	<b>4,840</b>	<b>19</b>	<b>2,653</b>	<b>74,968</b>	<b>4,798</b>	<b>6,573</b>
EXPENDITURES:								
Judicial	-	-	4,600	-	-	-	-	-
General Government	-	-	-	5,545	-	2,593	-	-
Public Safety	-	-	-	-	3,972	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	6,831	3,560
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>4,600</b>	<b>5,545</b>	<b>3,972</b>	<b>2,593</b>	<b>6,831</b>	<b>3,560</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	30	39,146	240	(5,526)	(1,319)	72,375	(2,033)	3,013
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	1,000	-
Operating Transfers Out	-	(4,046)	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	30	35,100	240	(5,526)	(1,319)	72,375	(1,033)	3,013
FUND BALANCES - BEGINNING OF YEAR	8,395	423,179	490	11,451	10,804	193,620	2,878	61,141
Prior Period Adjustment	-	-	-	-	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 8,425</b>	<b>\$ 458,279</b>	<b>\$ 730</b>	<b>\$ 5,925</b>	<b>\$ 9,485</b>	<b>\$ 265,995</b>	<b>\$ 1,845</b>	<b>\$ 64,154</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

	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:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 454,848	\$ -
Licenses and Permits	-	480,712	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	12,277	11,505	146,796
Local	-	-	-	-	-	-	-	-
Charges for Services	-	209	-	-	-	-	283,284	-
Fines and Forfeits	-	-	-	-	53,195	-	-	-
Interest and Rents	-	438	7	3	-	29	814	437
Other Revenue	-	1,221	2,000	9,462	67	-	1,644	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>482,580</b>	<b>2,007</b>	<b>9,465</b>	<b>53,262</b>	<b>12,306</b>	<b>752,095</b>	<b>147,233</b>
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	51,241	-	-	-
Public Safety	-	339,292	-	-	-	9,041	582,025	71,594
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	10,240	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	43,480	-	-	-	-	36,288	110,374
<b>TOTAL EXPENDITURES</b>	<b>10,240</b>	<b>382,772</b>	<b>-</b>	<b>-</b>	<b>51,241</b>	<b>9,041</b>	<b>618,313</b>	<b>181,968</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(10,240)</b>	<b>99,808</b>	<b>2,007</b>	<b>9,465</b>	<b>2,021</b>	<b>3,265</b>	<b>133,782</b>	<b>(34,735)</b>
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	(13,262)	(9,465)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(10,240)</b>	<b>99,808</b>	<b>(11,255)</b>	<b>-</b>	<b>2,021</b>	<b>3,265</b>	<b>133,782</b>	<b>(34,735)</b>
FUND BALANCES - BEGINNING OF YEAR	26,552	225,551	13,257	-	32,544	16,365	250,335	255,715
Prior Period Adjustment	-	-	-	-	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 16,312</b>	<b>\$ 325,359</b>	<b>\$ 2,002</b>	<b>\$ -</b>	<b>\$ 34,565</b>	<b>\$ 19,630</b>	<b>\$ 384,117</b>	<b>\$ 220,980</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

Special Revenue Funds

	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant	AC Breast Cancer
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
State	-	-	-	3,922	-	-	12,000	-
Local	-	-	-	-	-	-	-	-
Charges for Services	7,939	26,656	-	-	-	-	-	-
Fines and Forfeits	-	-	50	-	3,500	-	-	-
Interest and Rents	52	16	-	-	23	-	-	-
Other Revenue	-	-	-	-	-	-	-	20,000
<b>TOTAL REVENUES</b>	<b>7,991</b>	<b>26,672</b>	<b>50</b>	<b>3,922</b>	<b>3,523</b>	<b>-</b>	<b>12,000</b>	<b>20,000</b>
EXPENDITURES:								
Judicial	-	-	-	-	22,618	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	8,381	23,931	-	-	-	-	59,042	-
Health and Welfare	-	-	-	-	-	-	-	10,000
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	7,426	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,381</b>	<b>31,357</b>	<b>-</b>	<b>-</b>	<b>22,618</b>	<b>-</b>	<b>59,042</b>	<b>10,000</b>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(390)	(4,685)	50	3,922	(19,095)	-	(47,042)	10,000
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	10,000	-	45,815	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(390)	(4,685)	50	3,922	(9,095)	-	(1,227)	10,000
FUND BALANCES - BEGINNING OF YEAR	30,464	11,726	50	16,463	11,792	13,400	1,640	-
Prior Period Adjustment	-	-	-	-	-	-	-	-
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 30,074</b>	<b>\$ 7,041</b>	<b>\$ 100</b>	<b>\$ 20,385</b>	<b>\$ 2,697</b>	<b>\$ 13,400</b>	<b>\$ 413</b>	<b>\$ 10,000</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

	Special Revenue Funds							
	Probate Grant	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
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Federal	-	15,526	-	1,030	-	-	-	-
State	-	-	-	-	107,711	7,714	-	-
Local	8,855	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	39,736	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	-	-	-	-	-	-	87,329	171
Other Revenue	-	-	-	-	51,338	-	-	-
<b>TOTAL REVENUES</b>	<b>8,855</b>	<b>15,526</b>	<b>-</b>	<b>1,030</b>	<b>198,785</b>	<b>7,714</b>	<b>87,329</b>	<b>171</b>
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	13,720	63,196	400	-	263,220	7,593	78,646	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	827,893
Capital Outlay	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>13,720</b>	<b>63,196</b>	<b>400</b>	<b>-</b>	<b>263,220</b>	<b>7,593</b>	<b>78,646</b>	<b>827,893</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,865)</b>	<b>(47,670)</b>	<b>(400)</b>	<b>1,030</b>	<b>(64,435)</b>	<b>121</b>	<b>8,683</b>	<b>(827,722)</b>
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	5,500	39,903	400	-	100,000	-	-	827,875
Operating Transfers Out	-	-	(57)	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>635</b>	<b>(7,767)</b>	<b>(57)</b>	<b>1,030</b>	<b>35,565</b>	<b>121</b>	<b>8,683</b>	<b>153</b>
FUND BALANCES - BEGINNING OF YEAR	2,550	8,610	57	3,476	162,352	777	3,649	-
Prior Period Adjustment	-	-	-	-	-	-	-	99,795
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 3,185</b>	<b>\$ 843</b>	<b>\$ -</b>	<b>\$ 4,506</b>	<b>\$ 197,917</b>	<b>\$ 898</b>	<b>\$ 12,332</b>	<b>\$ 99,948</b>

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2013**

	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	
	2005 Courthouse	Grass River N A Interpretive Center	Total
REVENUES:			
Taxes	\$ -	\$ -	\$ 454,848
Licenses and Permits	-	-	480,712
Federal	-	-	16,556
State	-	-	301,925
Local	-	-	8,855
Charges for Services	-	-	437,249
Fines and Forfeits	-	-	56,745
Interest and Rents	25	-	90,620
Other Revenue	-	-	138,058
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	25	-	1,985,568
EXPENDITURES:			
Judicial	-	-	27,218
General Government	-	-	59,379
Public Safety	-	-	1,097,278
Health and Welfare	-	-	436,775
Recreation and Culture	-	506	21,137
Debt Service	-	-	827,893
Capital Outlay	-	-	197,568
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-	506	2,667,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	25	(506)	(681,680)
OTHER FINANCING SOURCES (USES):			
Operating Transfers In	-	-	1,030,493
Operating Transfers Out	-	-	(26,830)
	<hr/>	<hr/>	<hr/>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	25	(506)	321,983
FUND BALANCES - BEGINNING OF YEAR	10,982	215,323	2,025,588
Prior Period Adjustment	-	-	99,795
	<hr/>	<hr/>	<hr/>
FUND BALANCES - END OF YEAR	<u>\$ 11,007</u>	<u>\$ 214,817</u>	<u>\$ 2,447,366</u>

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2013**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 180,520	\$ 310,269	\$ 127,296	\$ 618,085
Accounts Receivables	37,796	-	49,703	87,499
Due From Other Governments	-	-	18,420	18,420
Prepaid Items	-	-	2,562	2,562
Inventories	-	-	22,874	22,874
Capital Assets (Not Depreciated)	330,713	-	5,541	336,254
Capital Assets (Net of Accumulated Depreciation)	1,685,901	101,854	974,654	2,762,409
<b>TOTAL ASSETS</b>	<b>2,234,930</b>	<b>412,123</b>	<b>1,201,050</b>	<b>3,848,103</b>
<b>LIABILITIES:</b>				
Accounts Payable	32,999	-	12,232	45,231
Accrued Liabilities	5,163	-	12,216	17,379
<b>TOTAL LIABILITIES</b>	<b>38,162</b>	<b>-</b>	<b>24,448</b>	<b>62,610</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	2,016,614	101,854	980,195	3,098,663
Unrestricted	180,154	310,269	196,407	686,830
<b>TOTAL NET POSITION</b>	<b>\$ 2,196,768</b>	<b>\$ 412,123</b>	<b>\$ 1,176,602</b>	<b>\$ 3,785,493</b>

**Combining Statement of Revenues, Expenses, and Changes  
in Net Position - Nonmajor Enterprise Funds  
For the Year Ended December 31, 2013**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 192,711	\$ 17,027	\$ 373,944	\$ 583,682
Other Income	28,088	-	-	28,088
<b>TOTAL OPERATING REVENUES</b>	<b>220,799</b>	<b>17,027</b>	<b>373,944</b>	<b>611,770</b>
<b>OPERATING EXPENSES:</b>				
Salaries, Wages, and Fringe Benefits	250,961	-	589,099	840,060
Depreciation	144,704	22,911	228,381	395,996
Other Expenses	207,181	13,099	337,029	557,309
<b>TOTAL OPERATING EXPENSES</b>	<b>602,846</b>	<b>36,010</b>	<b>1,154,509</b>	<b>1,793,365</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(382,047)</b>	<b>(18,983)</b>	<b>(780,565)</b>	<b>(1,181,595)</b>
<b>NON OPERATING REVENUES (EXPENSES):</b>				
Interest Earnings	323	487	272	1,082
Gain on Sale of Assets	-	-	8,943	8,943
Federal Grants - Section 5311	142,432	-	118,223	260,655
State Grants - Section 5311	3,748	-	284,237	287,985
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>146,503</b>	<b>487</b>	<b>411,675</b>	<b>558,665</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(235,544)</b>	<b>(18,496)</b>	<b>(368,890)</b>	<b>(622,930)</b>
Capital Contributions	-	-	57,496	57,496
Operating Transfers In	274,751	-	148,000	422,751
<b>Changes in Net Position</b>	<b>39,207</b>	<b>(18,496)</b>	<b>(163,394)</b>	<b>(142,683)</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>2,157,561</b>	<b>430,619</b>	<b>1,339,996</b>	<b>3,928,176</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 2,196,768</b>	<b>\$ 412,123</b>	<b>\$ 1,176,602</b>	<b>\$ 3,785,493</b>



**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2013**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received from Customers	\$ 211,598	\$ 17,028	\$ 396,018	\$ 624,644
Cash Payments for Goods and Service	(178,735)	(13,369)	(380,624)	(572,728)
Cash Payments to Employees for Services/Fringe Benefits	(251,361)	-	(585,448)	(836,809)
Net Cash Provided (Used) by Operating Activities	<u>(218,498)</u>	<u>3,659</u>	<u>(570,054)</u>	<u>(784,893)</u>
<b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Transfers from (to) Other Funds	274,751	-	148,000	422,751
Operating Grants Received	-	-	402,460	402,460
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>274,751</u>	<u>-</u>	<u>550,460</u>	<u>825,211</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of Capital Assets	(152,582)	-	(55,347)	(207,929)
Capital Acquisition Grants - Received in Cash	146,180	-	57,496	203,676
Proceeds from Sale of Property and Equipment	-	-	8,943	8,943
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,402)</u>	<u>-</u>	<u>11,092</u>	<u>4,690</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	323	487	272	1,082
Net Cash Provided (Used) by Investing Activities	<u>323</u>	<u>487</u>	<u>272</u>	<u>1,082</u>
Net Increase (Decrease) in Cash and Equivalents	50,174	4,146	(8,230)	46,090
Cash and Equivalents - Beginning of the Year	130,346	306,123	135,526	571,995
Cash and Equivalents - End of Year	<u>\$ 180,520</u>	<u>\$ 310,269</u>	<u>\$ 127,296</u>	<u>\$ 618,085</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (382,047)	\$ (18,983)	\$ (780,565)	\$ (1,181,595)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	144,704	22,911	228,381	395,996
Change in Assets and Liabilities:				
Accounts Receivable	(9,201)	-	-	(9,201)
Due from Other Governments	-	-	22,074	22,074
Inventories	-	-	16,065	16,065
Prepaid Items	-	-	7,275	7,275
Accounts Payable	28,446	(269)	(66,935)	(38,758)
Accrued Liabilities	(400)	-	3,651	3,251
Net Cash Provided (Used) by Operating Activities	<u>\$ (218,498)</u>	<u>\$ 3,659</u>	<u>\$ (570,054)</u>	<u>\$ (784,893)</u>

# **Report on Compliance**

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

**KINROSS OFFICE**

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

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

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

**MEMBER MACPA**

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

**INDEPENDENT AUDITOR'S REPORT ON 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, 2013, 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 27, 2014. 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Antrim, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Antrim, Michigan's internal control.

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 responses that we consider to be a significant deficiency listed as 2013-001.

### **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 responses as item 2013-001.

### **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 responses. 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.

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 27, 2014

*Significant Deficiencies – Noncompliance with State Statutes*

**Excess Expenditures Over Appropriations**

*Finding 2013-001*

*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 2013 General Appropriations Act (budget) provided for expenditures of the Services for Aged fund to be controlled to the activity level. During the fiscal year ended December 31, 2013, expenditures were incurred in excess of amounts appropriated in the amended budgets for the Services for Aged fund on pages 54 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, 2013, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
Services for Aged:			
Health and Welfare	\$ 1,076,615	\$ 1,090,490	\$ (13,875)

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

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

*Recommendation:* We recommend that the County and personnel responsible for administering the activities of the various funds of the County, develop budgetary control procedures for the Services for Aged, 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



**ANDERSON, TACKMAN & COMPANY, PLC**  
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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, 2013, and have issued our report thereon dated June 27, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated May 8, 2014, 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 describe 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.

As part of our audit, we considered the internal control of the County of Antrim, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

### **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 May 8, 2014.

### **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. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. 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.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

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 27, 2014.

***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.

#### **Invoice Approval (Prior Year)**

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.

Status: Corrected.

#### **Credit Card (Prior Year)**

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.

Status: Corrected.

#### **Transmittal Advice (Prior Year)**

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.

Status: Corrected.

#### **Fund Closing**

The general ledger contains a few funds which are inactive or are no longer required to maintain a separate accounting. The ledger should be reviewed for inactive funds and amounts should be transferred to the general fund. The Board should also approve all fund closings prior to transfer of any remaining balances.

## **Cash**

During our testing of cash, it was noted that there were some long outstanding checks still accounted for in the bank reconciliation. It is recommended that the bank reconciliation be checked for “stale” checks and that they are voided, escheated, or reissued if needed. It was also noted that the investments are recorded at cost. It is recommended that investments be recorded at market value.

## **Payroll**

It was noted during our testing of controls over payroll, that five employee files had incomplete I-9 forms in their employee files. We recommend that all the necessary employee paper work is fill out completely at beginning of employment. (Verbal Comment).

## **Disbursements**

It was noted during our testing of control over disbursements, that on one occasion a check number did not match the check number on the check register, and that on another occasion one checks’ supporting invoice did not have proper authorization. We recommend that all invoices be properly approved before paid and that the check register accurately reflect both voided and non-voided checks.

## **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**