County of Antrim, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2015

COUNTY OF ANTRIM, MICHIGAN

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Prosecuting Attorney

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OTHER INFORMATION:

REPORTS ON COMPLIANCE:

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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SUE A. BOWLBY, CPA, PRINCIPAL
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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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Antrim, Michigan, as of and for the year ending December 31, 2015, 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 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 Medical Care Facility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

16978 S. RILEY AVENUE
KINCHELOE, MICHIGAN 49788
(906) 495-5952 / FAX 495-7312
E-mail: antack@antack.com

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 2015, 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, pages 59 through 61, and pages 62 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Antrim, Michigan's basic financial statements. The combining major and nonmajor fund financial statements 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. In our opinion, 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.

Members of the Board of Commissioners
County of Antrim, Michigan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated June 30, 2016 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 & Co. PLC

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

June 30, 2016

Management's Discussion and Analysis

As management of Antrim County, we offer readers of the Antrim County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. 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, 2015 by $53,663,255. Of this amount $7,424,307 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- At December 31, 2015, the County's governmental funds reported combined ending fund balance of $17,068,493.
- At December 31, 2015, unassigned fund balance for the General Fund was $9,666,655 or 76% of General Fund expenditures and transfers out.
- Governmental funds revenues were $15,712,030.

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, deferred outflows liabilities and deferred inflows with the difference between the four 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 54 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 funds.

The basic governmental fund financial statements can be found on pages 14-16 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 21-53 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 54-63 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 can be found on pages 64-80 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 $53,663,255 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.

County of Antrim
Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	$ 20,367,142	$ 19,997,306	$ 22,439,586	$ 21,579,290	$ 42,806,728	$ 41,576,596
Capital Assets	17,067,058	17,323,297	20,744,978	22,316,669	37,812,036	39,639,966
Total Assets	37,434,200	37,320,603	43,184,564	43,895,959	80,618,764	81,216,562
Deferred Outflows of Resourcs	1,305,399	-	862,639	992,743	2,168,038	992,743
Current Liabilities	1,214,991	1,439,443	713,293	992,743	1,928,284	2,432,186
Noncurrent Liabilities	19,043,562	12,583,768	3,830,713	413,396	22,874,275	12,997,164
Total Liabilities	20,258,553	14,023,211	4,544,006	1,406,139	24,802,559	15,429,350
Deferred Inflows of Resources	2,583,658	2,631,297	1,737,330	1,715,203	4,320,988	4,346,500
Net Position						
Net Investment in Capital Assets	17,067,058	17,330,636	20,744,978	22,186,334	37,812,036	39,516,970
Restricted	6,621,968	6,721,000	1,804,944	1,662,220	8,426,912	8,383,220
Unrestricted (Deficit)	(7,791,638)	(3,385,541)	15,215,945	16,926,063	7,424,307	13,540,522
Total Net Position	$ 15,897,388	$ 20,666,095	$ 37,765,867	$ 40,774,617	$ 53,663,255	$ 61,440,712

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Total net investment in capital assets is 70% of total net position. An additional portion of the County's total net position 16% 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 total net position is 14% of net position. This net position may be used to meet the government's ongoing obligations to citizens and creditors.

County of Antrim
Statement of Activities

	Governmental Activities 2015	Governmental Activities 2014	Business-type Activities 2015	Business-type Activities 2014	Total 2015	Total 2014
Program Revenues						
Charges for Services	$ 2,139,030	$ 2,106,979	$ 16,749,322	$ 15,595,461	$ 18,888,352	$ 17,702,440
Operating Grants and Contributions	1,947,479	1,812,328	447,614	454,300	2,395,093	2,266,628
Capital Grants and Contributions	-	-	227,521	338,300	227,521	338,300
General Revenues						
Property Taxes	11,022,650	10,841,925	1,716,991	1,693,749	12,739,641	12,535,674
Convention Tax	147,282	258,043	-	-	147,282	258,043
Investment Earnings and Rents	427,402	374,315	35,967	35,159	463,369	409,474
Gain (Loss) on Sale of Capital Assets	28,187	-	19,686	-	47,873	-
Total Revenues	15,712,030	15,393,590	19,197,101	18,116,969	34,909,131	33,510,559
Program Expenses						
Legislative	263,824	214,911	-	-	263,824	214,911
Judicial	1,839,543	1,860,915	-	-	1,839,543	1,860,915
General Government	3,781,684	3,508,420	-	-	3,781,684	3,508,420
Public Safety	5,685,997	5,365,131	-	-	5,685,997	5,365,131
Public Works	61,222	64,406	-	-	61,222	64,406
Health and Welfare	2,630,273	3,759,602	-	-	2,630,273	3,759,602
Community/Economic Development	89,179	88,576	-	-	89,179	88,576
Recreation and Culture	296,455	284,544	-	-	296,455	284,544
Interest - Unallocated	399,984	414,983	-	-	399,984	414,983
Delinquent Property Tax	-	-	348,278	360,226	348,278	360,226
Medical Care Facility	-	-	17,421,062	15,974,842	17,421,062	15,974,842
Other Expense	684,740	647,963	1,742,276	1,954,755	2,427,016	2,602,718
Total Expenses	15,732,901	16,209,451	19,511,616	18,289,823	35,244,517	34,499,274
Changes in Net Position Before Transfers	(20,871)	(815,861)	(314,515)	(172,854)	(335,386)	(988,715)
Transfers - Net	470,465	(1,177,989)	(470,465)	1,177,989	-	-
Changes in Net Position	449,594	(1,993,850)	(784,980)	1,005,135	(335,386)	(988,715)
Net Position - Beginning as Restated (See Note 12)	15,447,794	22,659,945	38,550,847	39,769,482	53,998,641	62,429,427
Net Position - Ending	$ 15,897,388	$ 20,666,095	$ 37,765,867	$ 40,774,617	$ 53,663,255	$ 61,440,712

Governmental Activities

Total governmental activities decreased the County's net position by $4,768,707. The decrease in the governmental activities net position was primarily due to the restatement of the beginning net position caused by the implementation of GASB Statement No. 68 (See Note 12).

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 decreased the County's net position after transfers by $3,008,750. The decrease in the business-type activities net position was primarily due to the restatement of the beginning net position caused by the implementation of GASB Statement No. 68 (See Note 12). The Medical Care Facility also showed a decrease in net position as a result of the implementation of GASB Statement No. 68. The Transportation Fund showed a decrease in net position for the year.

Business-type activities include:

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

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 63% of annual governmental expenditures in 2015 in the governmental funds.

The General Fund fund balance increased by $632,526 from $10,538,002 to $11,170,528 during 2015.

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

	2015	2014
Enterprise Funds		
100% Tax Payment Fund	$ 12,978,512	$ 12,570,214
Medical Care Facility	$ 1,577,474	$ 3,557,396
Airport Fund	$ 317,216	$ 238,152
Elk Rapids Hydro Electric	$ 361,138	$ 340,316
Transportation Fund	$ (18,393)	$ 219,985

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	$ 28,914
Register of Deeds Transfer Tax was increased by	$ 49,924
Abstract Services were increased by	$ 26,967
Expenditures:	
Judicial was increased by	$ 63,493
General Government was increased by	$ 249,523
Public Safety was increased by	$ 21,261
Health and Welfare was decreased by	$ 12,151
Capital Outlay was increased by	$ 50,428

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 32-34 of the accompanying report.

The County currently has $12,200,000 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 2014 to 2015. The increase is expected to continue in 2016.

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 2016.

The Meadow Brook Medical Care Facility renovation project that was financed by Antrim County general obligation bonds is nearing completion. The ending fund balance for the Meadow Brook Capital Project Fund for 2015 is $0.

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. Telephone contact number is 231-533-3635.

Basic Financial Statements

Statement of Net Position
December 31, 2015

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS:				
Cash and Investments - Unrestricted	$ 16,741,938	$ 15,996,576	$ 32,738,514	$ 1,136,933
Receivables:				
Accounts	68,507	2,100,822	2,169,329	1,128,038
Current Taxes	2,211,167	1,748,083	3,959,250	-
Delinquent Taxes	-	1,274,335	1,274,335	-
Interest and Penalties	-	387,177	387,177	-
Other Governments	325,821	11,272	337,093	-
Mortgages	1,019,709	-	1,019,709	-
Inventories	-	56,392	56,392	521,427
Prepaid Items	-	2,772	2,772	51,421
Other Assets	-	862,157	862,157	-
Capital Assets Not Depreciated	11,172,082	348,336	11,520,418	16,191,658
Capital Assets (Net of Accumulated Depreciation)	5,894,976	20,396,642	26,291,618	14,430,553
TOTAL ASSETS	37,434,200	43,184,564	80,618,764	33,460,030
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment Experience and Contributions	1,305,399	862,639	2,168,038	472,240
LIABILITIES:				
Accounts Payable	478,391	271,686	750,077	49,813
Accrued Liabilities	236,600	441,607	678,207	16,942
Advance from Other Governments	-	-	-	183,707
Due to Governmental Units	-	-	-	-
Installment Note Payable - Due within one year	-	-	-	-
Bonds Payable - Due within one year	500,000	-	500,000	-
Bonds Payable - Due in more than one year	11,700,000	-	11,700,000	-
Net Pension Liability - Due in more than one year	6,930,601	3,418,891	10,349,492	6,712,315
Vested Employee Benefits - Due in more than one year	200,624	411,822	612,446	150,729
Other Post Employment Benefits (OPEB) - Due in more than one year	212,337	-	212,337	304,003
TOTAL LIABILITIES	20,258,553	4,544,006	24,802,559	7,417,509
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	2,583,658	1,737,330	4,320,988	-
Unearned Revenue - MDOT Contract	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	2,583,658	1,737,330	4,320,988	-
NET POSITION:				
Net Investment in Capital Assets	17,067,058	20,744,978	37,812,036	30,622,211
Restricted	6,621,968	1,804,944	8,426,912	-
Unrestricted (Deficit)	(7,791,638)	15,215,945	7,424,307	(4,107,450)
TOTAL NET POSITION	$ 15,897,388	$ 37,765,867	$ 53,663,255	$ 26,514,761

See accompanying notes to financial statements.

County of Antrim, Michigan

Statement of Activities
For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets – Primary Government: Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
Legislative	$ 263,824	$ -	$ -	$ -	$ (263,824)	$ -	$ (263,824)	$ -
Judicial	1,839,543	502,901	296,012	-	(1,040,630)	-	(1,040,630)	-
General Government	3,781,684	565,043	740,265	-	(2,476,376)	-	(2,476,376)	-
Public Safety	5,685,997	707,055	360,696	-	(4,618,246)	-	(4,618,246)	-
Public Works	61,222	-	-	-	(61,222)	-	(61,222)	-
Health & Welfare	2,630,273	171,038	535,556	-	(1,923,679)	-	(1,923,679)	-
Community and Economic Development	89,179	-	-	-	(89,179)	-	(89,179)	-
Recreation and Culture	296,455	192,993	14,950	-	(88,512)	-	(88,512)	-
Other	684,740	-	-	-	(684,740)	-	(684,740)	-
Interest - Unallocated	399,984	-	-	-	(399,984)	-	(399,984)	-
Total Governmental Activities	15,732,901	2,139,030	1,947,479	-	(11,646,392)	-	(11,646,392)	-
Business-type Activities:								
Delinquent Property Tax	348,278	882,515	-	-	-	534,237	534,237	-
Medical Care Facility	17,421,062	15,298,588	-	-	-	(2,122,474)	(2,122,474)	-
Other	1,742,276	568,219	447,614	227,521	-	(498,922)	(498,922)	-
Total Business-type Activities	19,511,616	16,749,322	447,614	227,521	-	(2,087,159)	(2,087,159)	-
Total Primary Government	35,244,517	18,888,352	2,395,093	227,521	(11,646,392)	(2,087,159)	(13,733,551)	-
Component Unit:								
Road Commission	6,416,742	733,635	4,528,316	1,999,939				845,148
Total Component Unit	6,416,742	733,635	4,528,316	1,999,939				845,148
Total	$ 41,661,259	$ 19,621,987	$ 6,923,409	$ 2,227,460				
General Revenues and Transfers:								
Property Taxes					11,022,650	1,716,991	12,739,641	-
Convention Taxes					147,282	-	147,282	-
Investment Earnings and Rents					427,402	35,967	463,369	-
Gain/(Loss) on Sale of Capital Assets					28,187	19,686	47,873	256,869
Transfers - Internal Activities					470,465	(470,465)	-	-
Total General Revenues and Transfers					12,095,986	1,302,179	13,398,165	256,869
Changes in Net Position					449,594	(784,980)	(335,386)	1,102,017
Net Position - Beginning					15,447,794	38,550,847	53,998,641	25,412,744
Net Position - Ending					$ 15,897,388	$ 37,765,867	$ 53,663,255	$ 26,514,761

See accompanying notes to financial statements.

Balance Sheet
Governmental Funds
December 31, 2015

	General Funds	Revenue Sharing Reserve	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments - Unrestricted	$ 10,781,338	$ 1,933,550	$ 375,224	$ 53,877	$ 708,298	$ 2,889,651	$ 16,741,938
Receivables:							
Taxes	651,169	-	693,652	-	866,346	-	2,211,167
Accounts	63,485	-	4,701	-	-	321	68,507
Mortgages	-	-	-	1,019,709	-	-	1,019,709
Due from Governmental Units	263,397	-	14,642	-	-	47,782	325,821
TOTAL ASSETS	$ 11,759,389	$ 1,933,550	$ 1,088,219	$ 1,073,586	$ 1,574,644	$ 2,937,754	$ 20,367,142
LIABILITIES:							
Accounts Payable	$ 409,024	$ -	$ 12,312	$ -	$ 29,869	$ 27,186	$ 478,391
Accrued Liabilities	179,837	-	13,440	-	25,718	17,605	236,600
TOTAL LIABILITIES	588,861	-	25,752	-	55,587	44,791	714,991
DEFERRED INFLOWS OF RESOURCES:							
Mortgage Revenue	-	-	-	1,019,709	-	-	1,019,709
Taxes Levied for a Subsequent Period	-	-	697,833	-	866,116	-	1,563,949
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	697,833	1,019,709	866,116	-	2,583,658
FUND BALANCES:							
Restricted	-	1,933,550	364,634	-	652,941	1,859,315	4,810,440
Committed	323,231	-	-	-	-	221,990	545,221
Assigned	1,180,642	-	-	53,877	-	811,658	2,046,177
Unassigned	9,666,655	-	-	-	-	-	9,666,655
TOTAL FUND BALANCES	11,170,528	1,933,550	364,634	53,877	652,941	2,892,963	17,068,493
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 11,759,389	$ 1,933,550	$ 1,088,219	$ 1,073,586	$ 1,574,644	$ 2,937,754	

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

Capital assets used by governmental activities	17,067,058
Long term installment notes and bonds payable for governmental activities	(12,200,000)
Vested employee benefits	(200,624)
Net pension liability and deferred outflows	(5,625,202)
Other postemployment benefits liability	(212,337)
Net position of governmental activities	$ 15,897,388

See accompanying notes to financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2015

	General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes and Penalties	$ 9,481,032	$ -	$ 685,141	$ -	$ 856,477	$ -	$ 11,022,650
Licenses and Permits	204,547	-	-	-	-	496,875	701,422
Federal	53,297	-	76,638	-	-	-	129,935
State	729,897	-	173,462	-	-	298,378	1,201,737
Local	-	-	-	-	-	4,979	4,979
Charges for Services	1,140,373	-	132,924	-	-	106,492	1,379,789
Fines and Forfeits	2,550	-	-	-	-	51,100	53,650
Interest and Rents	302,263	-	2,665	3,657	1,490	145,961	456,036
Other Revenue	574,254	-	86,820	45,003	1,386	54,369	761,832
TOTAL REVENUES	12,488,213	-	1,157,650	48,660	859,353	1,158,154	15,712,030
EXPENDITURES:							
Legislative	263,824	-	-	-	-	-	263,824
Judicial	1,799,841	-	-	-	-	10,886	1,810,727
General Government	3,366,411	-	-	-	-	8,102	3,374,513
Public Safety	3,868,947	-	-	-	745,985	577,516	5,192,448
Public Works	61,222	-	-	-	-	-	61,222
Health and Welfare	1,030,985	-	898,820	-	-	646,870	2,576,675
Community/Economic Development	89,179	-	-	-	-	-	89,179
Recreation and Culture	248,557	-	-	-	-	19,479	268,036
Capital Outlay	232,850	-	34,568	-	-	51,801	319,219
Other	684,741	-	-	-	-	-	684,741
Debt Service	6,032	-	-	-	-	899,415	905,447
TOTAL EXPENDITURES	11,652,589	-	933,388	-	745,985	2,214,069	15,546,031
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	835,624	-	224,262	48,660	113,368	(1,055,915)	165,999
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	889,321	-	2,677	-	-	1,244,142	2,136,140
Operating Transfers Out	(1,092,419)	(489,271)	-	(83,985)	-	-	(1,665,675)
TOTAL OTHER FINANCING SOURCES (USES)	(203,098)	(489,271)	2,677	(83,985)	-	1,244,142	470,465
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	632,526	(489,271)	226,939	(35,325)	113,368	188,227	636,464
FUND BALANCES, JANUARY 1	10,538,002	2,422,821	137,695	89,202	539,573	2,704,736	16,432,029
FUND BALANCES, DECEMBER 31	$ 11,170,528	$ 1,933,550	$ 364,634	$ 53,877	$ 652,941	$ 2,892,963	$ 17,068,493

See accompanying notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2015

Net changes in fund balances - total governmental funds	636,464
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	319,220
Depreciation Expense	(575,459)
Repayment of debt principal is an expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	
Installment Loans	5,463
Bond Repayment - MCF Debt	500,000
Vested employee benefits payable do not require the current use of financial resources and are not reproted as expenditures in the fund statemetnts.	
Vested Employee Benefits	(1,209)
Other Post Employment Benefits	(27,984)
Pension Items	(406,901)
Changes in net position of governmental activities	$ 449,594

Statement of Net Position
Proprietary Funds
December 31, 2015

	Business-type Activities - Enterprise Funds			
	Major			
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS:				
Cash and Investments - Unrestricted	$ 12,707,441	$ 2,418,118	$ 871,017	$ 15,996,576
Receivables:				
Accounts	-	2,012,810	88,012	2,100,822
Taxes	-	1,748,083	-	1,748,083
Delinquent Taxes	1,274,335	-	-	1,274,335
Interest and Penalties	387,177	-	-	387,177
Due from Other Governments	-	-	11,272	11,272
Prepaid Items	-	-	2,772	2,772
Inventory	-	-	56,392	56,392
Other Assets	-	862,157	-	862,157
Capital Assets (Not Depreciated)	-	-	-	-
Capital Assets (Net of Accumulated Depreciation)	-	17,897,429	2,847,549	20,744,978
TOTAL ASSETS	14,368,953	24,938,597	3,877,014	43,184,564
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment Experience and Contributions	-	793,934	68,705	862,639
LIABILITIES:				
Accounts Payable	-	234,460	37,226	271,686
Accrued Liabilities	276	405,116	36,215	441,607
Vested Employee Benefits - Due in more than one year	-	411,822	-	411,822
Net Pension Liability - Due in more than one year	-	3,054,123	364,768	3,418,891
TOTAL LIABILITIES	276	4,105,521	438,209	4,544,006
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	-	1,737,330	-	1,737,330
NET POSITION:				
Net Investment in Capital Assets	-	17,897,429	2,847,549	20,744,978
Restricted	1,390,165	414,779	-	1,804,944
Unrestricted	12,978,512	1,577,472	659,961	15,215,945
TOTAL NET POSITION	$ 14,368,677	$ 19,889,680	$ 3,507,510	$ 37,765,867

See accompanying notes to financial statements.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			
	Major			
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES:				
Interest and Penalties on Taxes	$ 403,615	$ -	$ -	$ 403,615
Charges for Services	234,127	15,291,741	568,219	16,094,087
Sale of Properties at Tax Auction	244,773	-	-	244,773
Other Income	-	6,847	-	6,847
TOTAL REVENUES	882,515	15,298,588	568,219	16,749,322
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	-	11,577,617	907,150	12,484,767
Depreciation	-	1,700,310	418,559	2,118,869
Other Expenses	348,278	4,143,135	416,567	4,907,980
TOTAL EXPENSES	348,278	17,421,062	1,742,276	19,511,616
OPERATING INCOME (LOSS)	534,237	(2,122,474)	(1,174,057)	(2,762,294)
NON-OPERATING REVENUES (EXPENSES):				
Interest Earnings	18,645	5,808	1,185	25,638
Oil and Gas Royalties	102	-	5,504	5,606
Tax Levy	-	1,716,991	-	1,716,991
Restricted Donations/Income	-	7,547	-	7,547
Unrealized Gain/(Loss)	(2,824)	-	19,686	16,862
Federal Grants - Section 5311	-	-	344,932	344,932
State Grants - Section 5311	-	-	330,203	330,203
TOTAL NON-OPERATING REVENUES (EXPENSES)	15,923	1,730,346	701,510	2,447,779
INCOME (LOSS) BEFORE TRANSFERS	550,160	(392,128)	(472,547)	(314,515)
Operating Transfers In	-	-	428,660	428,660
Operating Transfers Out	-	(899,125)	-	(899,125)
CHANGES IN NET POSITION	550,160	(1,291,253)	(43,887)	(784,980)
NET POSITION, JANUARY 1	13,818,517	21,180,933	3,551,397	38,550,847
NET POSITION, DECEMBER 31	$ 14,368,677	$ 19,889,680	$ 3,507,510	$ 37,765,867

See accompanying notes to financial statements.

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2015

	Business-type Activities - Enterprise Funds			
	Major			
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and QAS	$ -	$ 13,061,465	$ 583,460	$ 13,644,925
Cash Received from Sale of Taxes on Auction	244,773	-	-	244,773
Cash Received for Delinquent Taxes	3,311,814	-	-	3,311,814
Cash Payments for Goods and Services	(348,341)	(14,820,584)	(464,427)	(15,633,352)
Cash Received from Penalties and Interest on Delinquent Taxes	713,652	-	-	713,652
Cash Received from Other Sources	-	6,847	-	6,847
Cash Payment to Employees for Services/Fringe Benefits	-	-	(871,855)	(871,855)
Cash Payments for Delinquent Taxes	(2,839,501)	-	-	(2,839,501)
Net Cash Provided (Used) by Operating Activities	1,082,397	(1,752,272)	(752,822)	(1,422,697)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	-	-	428,660	428,660
Proceeds from County Tax Levy	-	1,713,025	-	1,713,025
Contributions Received	-	7,547	-	7,547
Operating Grants Received	-	-	445,470	445,470
Net Cash Provided (Used) by Noncapital and Related Financing Activities	-	1,720,572	874,130	2,594,702
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(367,064)	(238,518)	(605,582)
Proceeds from Sale of Property and Equipment			19,686	19,686
Transfer to County for Long-Term Debt Payment	-	(899,125)	-	(899,125)
Capital Acquisition Grants - Received in Cash	-	-	227,521	227,521
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,266,189)	8,689	(1,257,500)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Oil and Gas Royalties	102	-	5,504	5,606
Interest Earnings	15,821	5,808	1,185	22,814
Net Cash Provided (Used) by Investing Activities	15,923	5,808	6,689	28,420
Net Increase (Decrease) in Cash and Equivalents	1,098,320	(1,292,081)	136,686	(57,075)
Balances - Beginning of the Year	11,609,121	3,710,199	734,331	16,053,651
Balances - End of the Year	$ 12,707,441	$ 2,418,118	$ 871,017	$ 15,996,576
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 534,237	$ (2,122,474)	$ (1,174,057)	$ (2,762,294)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	1,700,310	418,559	2,118,869
Provision for Bad Debt	-	305,060	-	305,060
Amortization of Deferred Outflows Pension	-	39,992	-	39,992
Change in Assets and Liabilities:		-		
Accounts Receivable	-	(1,112,768)	15,241	(1,097,527)
Delinquent Taxes Receivable	472,313	-	-	472,313
Interest and Penalties Receivable	75,910	-	-	75,910
Settlements Payable	-	(767,853)	-	(767,853)
Inventory	-	-	(23,396)	(23,396)
Other Assets	-	165,931	-	165,931
Accounts Payable	-	14,295	(24,464)	(10,169)
Accrued Liabilities	(63)	54,161	35,295	89,393
Deferred Outflows - Pension	-	275,980	-	275,980
Net Pension Liability	-	(304,906)	-	(304,906)
Net Cash Provided (Used) by Operating Activities	$ 1,082,397	$ (1,752,272)	$ (752,822)	$ (1,422,697)

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2015

	Agency Funds
ASSETS:	
Cash and Investments - Unrestricted	$ 911,582
TOTAL ASSETS	$ 911,582
LIABILITIES:	
Due to Governmental Units	$ 299,346
Undistributed Tax Collections	575,824
Other Liabilities	36,412
TOTAL LIABILITIES	$ 911,582

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A – Reporting Entity:

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

The Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity" as amended by (GASB) Statement No. 39 and No. 61 and the State of Michigan Department of Treasury established criteria for governmental organizations to be considered to be part of the County for financial reporting purposes. The criteria included oversight responsibility, fiscal dependency and whether the statements would be misleading if data were not included.

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

Discretely Presented Component Unit

County Road Commission – The Antrim County Road Commission is considered a component unit of the County. It's financial statement is discretely presented in the County government-wide financial statements as required by accounting principles generally accepted in the United States of America revised under GASB 14 as amended by GASB 39 and 61. The Road Commission data is shown in the column and is discretely presented to emphasize that the Road Commission has its own board, appointed by the Board of Commissioners, and acts, under Michigan Statute as a separate board. Complete financial statements of the Road Commission Component Unit can be obtained directly from the Road Commission office at 319 East Lincoln St., Mancelona, Michigan 49659.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

B – Government-Wide and Fund Financial Statements:

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

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

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

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

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

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

Taxes Receivable

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The County's winter 2014 and summer 2015 ad valorem taxes were levied and collectible on December 1, 2014 and July 1, 2015, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's winter 2014 and summer 2015 tax levies have been recognized as revenue in the current fiscal year. The 2014 taxable value of Antrim County amounted to $1,693,984,896 on which ad valorem taxes were levied for the Medical Care and Services of the Aged were levied.

The 2015 taxable value amounted to $1,714,556,263 on which 5.40 mills for summer 2015 for general operating purposes were levied. The Antrim County Commission on Aging levied .40 mills for services related to the aging within the County. The County levied 1.000 mills for services related to the Meadow Brook Medical Care Facility operations. Included in the 1.000 levy are funds for debt service which will be used to pay bonded indebtedness for the Meadow Brook Medical Care Facility renovation and reconstruction when it is completed. The County also levied .500 mills for 911 operations after approval by County voters during 2015.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2015. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving fund. This activity s accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

General Fund

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

Revenue Sharing Reserve Fund

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

Services for Aged

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

Housing Project Income

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

911 Operating

This fund accounts for funds that provide 911 services to the citizens of Antrim County.

The County reports the following major proprietary funds:

100% Tax Payment

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

Medical Care Facility

This fund is a 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

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

Capital Project Funds

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

Enterprise Funds

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

Agency Funds

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

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:

<u>Cash, Equivalents and Investments</u> – Cash and 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

Vested Employee Benefits – In accordance with County personnel policies and/or contracts negotiated with the various employee groups of the County, upon termination of employment, individual employees have vested rights to receive payment for unused vacation leave under formulas and conditions specified in the respective personnel policies and/or contracts. Vacation pay that has matured, such as due to employee resignations or retirements, is reported as an expenditure and a fund liability of the governmental fund that will pay it for employees retiring.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Pension Plan and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by MERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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 pension 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.

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 not 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

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, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

a. Each December, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1st and lapses on December 31st. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to January 1st, the budget is legally enacted through a resolution passed by the Board of Commissioners.

d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.

e. The budget and approved appropriations lapse at the end of the fiscal year.

f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	Governmental Activities	Business-Type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and Investments – Unrestricted	$ 16,741,938	$ 15,996,576	$ 32,738,514	$ 911,582	$ 1,136,933
Total	$ 16,741,938	$ 15,996,576	$ 32,738,514	$ 911,582	$ 1,136,933

	Primary Government	Fiduciary Funds	Component Units
Investments	$ 7,259,331	$ -	$ -
Bank Deposits (checking and savings accounts, certificates of deposit)	25,476,674	911,582	1,136,733
Petty Cash and Cash on Hand	2,509	-	200
Total	$ 32,738,514	$ 911,582	$ 1,136,733

	Fair Value	Less Than 1	1 – 5	6 – 10	Ratings	%
Investments:						
Money Markets	$ 215,069	$ 215,069	$ -	$ -	N/A	3%
Mutual Funds	3,757,795	3,757,795	-	-	AAA	52%
Municipal Bonds	254,272	-	254,272	-	AAA	3%
Fixed Income	498,740	498,740	-	-	N/A	7%
Govt. Securities	1,496,203	1,496,203	-	-	AAA	21%
Commercial Paper	1,037,252	1,037,252	-	-	AAA	14%
Total Investments	$ 7,259,331	$ 7,005,059	$ 254,272	$ -		100.0%

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for custodial deposit credit risk. As of year end, $23,833,145 of the County's bank balance of $25,432,026 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.

C*ustodial 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 $7,259,331 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.

<u>Statutory Authority</u>:

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).

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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:

	Beginning Balance	Increases	Adjustments/ Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 11,172,082	$ -	$ -	$ 11,172,082
Capital assets being depreciated:				
Buildings	9,257,701	-	-	9,257,701
Land Improvements	1,713,153	60,044	-	1,781,511
Machinery and Equipment	5,097,304	259,176	(206,738)	5,141,428
Subtotal	16,068,158	319,220	(206,738)	16,180,640
Less accumulated depreciation for:				
Buildings	(4,489,984)	(167,795)	-	(4,657,779)
Land Improvements	(1,709,440)	(9,870)	-	(1,719,310)
Machinery and Equipment	(3,717,519)	(397,794)	206,738	(3,908,575)
Subtotal	(9,916,943)	(575,459)	206,738	(10,285,664)
Net Capital Assets Being Depreciated	6,151,215	(256,239)	-	5,894,976
Capital Assets - Net of Depreciation	$ 17,323,297	$ (256,239)	$ -	$ 17,067,058

NOTE 4 - CAPITAL ASSETS (Continued)

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

Judicial	$ 28,816
General Government	171,597
Public Safety	293,029
Health and Welfare	53,598
Recreation and Culture	28,419
Total Depreciation	$ 575,459

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 336,254	$ -	$ -	$ 336,254
Construction in Progress	12,082	-	-	12,082
Subtotal	348,336	-	-	348,336
Capital assets being depreciated:				
Land Improvements	1,369,228	206,451	-	1,575,679
Buildings	21,839,264	342,636	-	22,181,900
Furniture, Fixtures, and Equipment	6,650,044	61,594	(73,000)	6,638,638
Vehicles	1,634,604	66,832	(89,469)	1,611,967
Subtotal	31,493,140	677,513	(162,469)	32,008,184
Less accumulated depreciation for:				
Land Improvements	(211,363)	(73,878)	-	(285,241)
Building	(4,930,679)	(1,445,437)	-	(6,376,116)
Furniture, Fixtures, and Equipment	(3,533,112)	(368,936)	73,000	(3,829,048)
Vehicles	(979,988)	(230,618)	89,469	(1,121,137)
Subtotal	(9,655,142)	(2,118,869)	162,469	(11,611,542)
Net Capital Assets Being Depreciated	21,837,998	(1,441,356)	-	20,396,642
Capital Assets - Net of Depreciation	$ 22,186,334	$ (1,441,356)	$ -	$ 20,744,978

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

Medical Care Facility	$ 1,700,310
Airport	180,404
Hydro Electric	15,142
Transportation	223,013
Total Depreciation	$ 2,118,869

NOTE 4 - CAPITAL ASSETS (Continued)

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

	Beginning Balance	Additions	Adjustments/ Deductions	Ending Balance
Capital Assets (Nondepreciable)				
Land	$ 119,860	$ -	$ -	$ 119,860
Infrastructure and Land Improvements	15,697,953	373,845	-	16,071,798
Subtotal	15,817,813	373,845	-	16,191,658
Capital Assets (Depreciable)				
Buildings	2,482,739	-	-	2,482,739
Equipment - Road	6,787,813	1,125,994	398,382	7,515,425
Equipment - Shop	203,680	1,524	-	205,204
Equipment - Office	86,731	11,455	3,897	94,289
Equipment - Engineering	59,015	-	-	59,015
Equipment – Yard and Storage	958,663	18,876	-	977,539
Infrastructure - Bridges	1,399,168	-	138,721	1,260,447
Infrastructure – Roads	28,024,774	1,626,094	7,174,517	22,476,351
Subtotal	40,002,583	2,783,943	7,715,517	35,071,009
Less Accumulated Depreciation				
Buildings	1,159,302	55,454	-	1,214,756
Equipment - Road	5,689,535	425,725	398,382	5,716,878
Equipment - Shop	160,687	11,080	-	171,767
Equipment - Office	84,390	1,726	3,897	82,219
Equipment - Engineering	49,692	2,671	-	52,363
Equipment – Yard and Storage	927,773	4,534	-	932,307
Infrastructure - Bridges	790,800	40,569	138,721	692,648
Infrastructure – Roads	17,732,749	1,219,286	7,174,517	11,777,518
Subtotal	26,594,928	1,761,045	7,715,517	20,640,456
Net Capital Assets - Depreciated	13,407,655	1,022,898	-	14,430,553
Total Net Capital Assets	$ 29,225,468	$ 1,396,743	$ -	$ 30,622,211

Depreciation expense was charged to the following programs:

Primary Road	$ 595,913
Local Road	663,942
Equipment	425,726
Administrative	4,397
Allocated	71,067
Total Depreciation Expense	$ 1,761,045

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.

TRANSFERS IN	TRANSFERS OUT: General Fund	Revenue Sharing Reserve	Housing Project Income	Medical Care Facility	Total
General Fund	$ 400,050	$ 489,271	$ -	$ -	$ 889,321
Services for Aged	2,677	-	-	-	2,677
Nonmajor Governmental	261,032	-	83,985	899,125	1,244,142
Nonmajor Enterprise	428,660	-	-	-	428,660
Total	$ 1,092,419	$ 489,271	$ 83,985	$ 899,125	$ 2,564,800

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:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Installment contract secured by vehicle, due in in annual installments of $6,032 through 2015, including interest of 4.522% due annually.	$ 5,462	$ -	$ 5,462	$ -	$ -
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%	12,700,000	-	500,000	12,200,000	500,000
Vested Employee Benefits:					
Governmental Activities – net increase	199,415	1,209	-	200,624	-
Business-type Activities – net decrease	413,396	-	1,574	411,822	-
Total Long-Term Debt	$ 13,318,273	$ 1,209	$ 507,036	$ 12,812,446	$ 500,000

NOTE 6 - LONG-TERM DEBT (Continued)

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

	Governmental Activities	
Year End December 31	Principal	Interest
2016	$ 500,000	$ 384,125
2017	500,000	369,125
2018	550,000	353,375
2019	550,000	336,875
2020	600,000	319,625
2021-2025	3,500,000	1,305,125
2026-2030	6,000,000	552,938
Total	$ 12,200,000	$ 3,621,188

Vested Employee Benefits - Accrued Vacation

Three Units, POAM-Deputies/Dispatchers, Corrections/Cooks/Clerical Unit, Teamsters Local 214:

Earn Vacation:	96 hours	-	Complete 1 full year of Service
	120 hours	-	Complete 5 full years of Service
	160 hours	-	Complete 10 full years of Service
	180 hours	-	Complete 15 full years of Service
	200 hours	-	Complete 20 full years of Service

Accumulated: Not to exceed 280 hours

Paid: In cases of retirement, resignation, discharge, or death of an employee, the employee or his/her estate will be paid for all vacation hours which have accumulated to his or her credit.

Two Units, General and Probate/Family Court:

Earn Vacation: Rate of .25 of their regular workday, for each pay period worked. During the second year of their employment, employees shall accrue vacation, at the rate of .375 of their regular workday, for each pay period worked. During the third year of their employment and each subsequent year, employees shall accrue vacation at a rate of .5 of their regular workday for each pay period worked.

In addition to the above accrual, Full-time employees will receive additional vacation in accordance with the following schedule:

Seniority Required	Bonus Vacation Days
5 to 9 years	2 days
10 to 19 years	5 days
20 to 24 years	2 days
25+ years	2 days

NOTE 6 - LONG-TERM DEBT (Continued)

Accumulated: On December 31 of each year accumulated vacation days will be reduced not to exceed the maximum 20 days allows.

Paid: In cases of retirement, resignation, discharge, or death of an employee, the employee or his/her estate will be paid for all vacation hours which have accumulated to his or her credit.

The Antrim County Transportation Unit:

Earn Vacation: 2 hours for each pay period worked. During the second year of their employment, employees shall accrue vacation at the rate of 3 hours for each pay period worked. For the third year of their employment and each subsequent year, employees shall accrue vacation at the rate of four hours for each pay period worked.

In addition to the above accrual, Full-time employees will receive additional vacation in accordance with the following schedule:

Seniority Required	Bonus Vacation Days
5 to 9 years	2 days
10 to 19 years	5 days
20 to 24 years	2 days
25+ years	2 days

Accumulated: On December 31 of each year accumulated vacation days will be reduced not to exceed the maximum 20 days allows.

Paid: In cases of retirement, resignation, discharge, or death of an employee, the employee or his/her estate will be paid for all vacation hours which have accumulated to his or her credit.

Component Unit

The following is a summary of pertinent information concerning the County Road Commission's long-term debt.

	Beginning Balances	Net Additions (Reductions)	Ending Balances
Vested Employee Benefits	$ 143,106	$ 7,623	$ 150,729
Other Post Employment Benefits	309,367	(5,364)	304,003
Total	$ 452,473	$ 2,259	$ 454,732

Vested employee benefits are for accumulated personal, sick and vacation days. At December 31, 2015 the total accumulated liability was $150,729.

Road Commission employment policies provide for vacation and personal benefits to be earned in varying amounts depending on the employee’s years of service. New employees are eligible for vacation benefits after 1 year of service, and vacation benefits accrue each July 1st and are paid a prorated share for unused vacation days. Employees may accumulate up to a maximum of 200 hours of vacation benefits. Personal days are paid to a maximum of 112 hours.

NOTE 6 - LONG-TERM DEBT (Continued)

Road Commission employment policies provide for sick leave benefits for employees hired before fiscal year 2000. Employees hired prior to January 1, 2000, upon voluntary termination with ten working days notice, retirement, or death of an employee in the service of the Road Commission, shall be paid for 50% of any accumulated unused sick leave accumulated to December 31, 1999.

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). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

01 – General: Open Division	
	2014 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

04 – MCF: Open division	
	2014 Valuation
Benefit Multiplier:	SVC x (1.20% times FAC<$4,200, plus 1.70% times FAC>$4,200)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 11/25/1970)

10 – General Dial a Ride: Closed to new hires, linked to Division HA	
	2014 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970

20 – Sheriff Dept: Closed to new hires, linked to Division HA	
	2014 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HA – Shrff & Grnl Dial aft 1/1/14: Open Division, linked to Division 10, 20	
	2014 Valuation
Benefit Multiplier:	Hybird Plan – 125% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	26
Active employees	131
	254

Funding Policy

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

The contribution rate as a percentage of payroll at December 31, 2015 is as follows:

01 - General	16.13%
10 - General Dial a Ride	-%
20 – Sheriff Department	-%
HA – Sheriff & General Dial a Ride	4.97%

Net Pension Liability

The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2014 and will be 8.0% in 2015 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions well be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at December 31, 2014	$ 23,207,629	$ 17,714,681	$ 5,492,948
Service cost	463,968	-	463,968
Interest on total pension liability	1,889,077	-	1,889,077
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	772,906	(772,906)
Employee contributions	-	60,158	(60,158)
Net investment income	-	(268,099)	268,099
Benefit payments, including employee refunds	(1,083,414)	(1,083,414)	-
Administrative expense	-	(38,860)	38,860
Other changes	(24,519)	-	(24,519)
Net changes	1,245,112	(557,309)	1,802,421
Balances as of December 31, 2015	$ 24,452,741	$ 17,157,372	$ 7,295,369

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25% , as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	**Current Discount Rate (8.25%)**	**1% Increase (9.25%)**
County's net pension liability	$10,039,698	$7,295,369	$4,949,338

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended December 31, 2015, the County recognized pension expense of $1,201,223. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,374,104	-
Contributions subsequent to the measurement date	-	-
Total	$ 1,374,104	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recorded in pension expense as follows:

Year Ended December 31:	
2016	$ 343,526
2017	343,526
2018	343,526
2019	343,526

Annual Pension Cost

During the calendar year ended December 31, 2015, the County's contributions totaled $772,906 and the employee contributions totaled $60,158; these contributions are made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2013, 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.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Meadow Brook Medical Care Facility

Plan Description

The Facility participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan (MERS). MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all employees of the Facility. Retirement benefits for employees are calculated using 1.2 percent of final average compensation less than $4,200, plus 1.7 percent of final average compensation greater than $4,200. Normal retirement age is 60 with early retirement with reduced benefits at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is ten years.

Employees are eligible for nonduty disability benefits after 6 to 10 years of service, and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal 85 percent of the deceased member's retirement allowance, except that the amount shall not be less than the amount that would be paid if the spouse had been named the survivor beneficiary of the deceased member. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest. Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the County, generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	31
Active employees	195
	306

Contributions

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

For the year ended December 31, 2015, the active employee contribution rate was 2.0 of annual payroll and the Facility's average contribution rate was 7.3 percent of annual payroll.

Payable to the Pension Plan

At December 31, 2015, the Facility reported a payable of $72,470 within accounts payable for the outstanding amount of contributions to the plan required for the year ended December 31, 2015.

Net Pension Liability

The net pension liability reported at December 31, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date. Changes in the net pension liability during the measurement year were as follows:

	Increases (Decreases)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at December 31, 2013	$ 13,243,921	$ 10,465,778	$ 2,778,143
Service cost	512,179	-	512,179
Interest on total pension liability	1,085,504	-	1,085,504
Employer contributions	-	529,020	(529,020)
Employee contributions	-	154,645	(154,645)
Net investment income	-	662,415	(662,415)
Benefit payments, including employee refunds	(684,772)	(684,772)	-
Administrative expense	-	(24,377)	24,377
Net changes	912,911	636,931	275,980
Balances as of December 31, 2014	$ 14,156,832	$ 11,102,709	$ 3,054,123

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the Facility recognized pension expense of $645,032. At December 31, 2015, the Facility reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 159,968	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Contributions subsequent to the measurement date	633,966	-
Total	$ 793,934	$ -

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of $633,966, which will impact the net pension asset in fiscal year 2016, rather than pension expense.

Year Ended December 31:	
2016	$ 39,992
2017	39,992
2018	39,992
2019	39,992

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	4.5 percent in the long-term
Salary increases	2 percent
Investment rate of return	8.25 percent – Net of pension plan investment expense, including inflation.

Mortality rates were based on the 1994 Group Annuity Mortality Table of 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study in 2008. The MERS of Michigan retirement board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	58.0%	5.00%
Global Fixed Income	20.0%	2.20%
Real Assets	12.0%	4.20%
Diversifying Strategies	10.0%	6.60%

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

The following presents the net pension liability of the Facility, calculated using the discount rate of 8.25 percent, as well as what the Facility's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

	1% Decrease (7.25%)	**Current Discount Rate (8.25%)**	**1% Increase (9.25%)**
MCF’s net pension liability	$4,857,402	$3,054,123	$1,536,510

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

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

Road Commission – Component Unit

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.50% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

General Information about the Pension Plan

Plan Description. The employer's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The employer participates in the Municipal Employees Retirement System (MERS) of Michigan. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

01 – Gen Union: Open Division	
	2014 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/30
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
RS50% Percentage:	50%
Act 88:	No

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

10 – Gen NonUnion: Open Division	
	2014 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/30
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	0%
RS50% Percentage:	50%
Act 88:	No

Employees Covered by Benefit Terms

At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	1
Active employees	34
	75

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined rate of 32.63% and 45.66% of payroll for union and nonunion employees, respectively.

Net Pension Liability

The Road Commission's net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015 and will be 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions well be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at December 31, 2014	$ 12,300,402	$ 6,155,231	$ 6,145,171
Service cost	150,184	-	150,184
Interest on total pension liability	987,193	-	987,193
Employer contributions	-	662,974	(662,974)
Employee contributions	-	(2,306)	2,306
Net investment income	-	(89,576)	89,576
Benefit payments, including employee refunds	(819,043)	(819,043)	-
Administrative expense	-	(13,323)	13,323
Other changes	(12,464)	-	(12,464)
Net changes	305,870	(261,274)	567,144
Balances as of December 31, 2015	$ 12,606,272	$ 5,893,957	$ 6,712,315

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.25% , as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease	**Current Discount Rate**	**1% Increase**
	(7.25%)	**(8.25%)**	**(9.25%)**
Road Commission's net pension liability as of 12/31/2015:	$7,990,456	$6,712,315	$5,612,558

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued MERS financial report.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended December 31, 2015, the Road Commission recognized pension expense of $757,878. At December 31, 2015, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	472,240	-
Total	$ 472,240	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recorded in pension expense as follows:

Year Ended December 31:	
2016	$ 118,060
2017	118,060
2018	118,060
2019	118,060

Annual Pension Costs – For the year ended December 31, 2015, the Antrim County Road Commission's pension cost of $662,974 for the plan was equal to the required contribution. The annual contribution was determined as part of an actuarial valuation as of December 31, 2013, using the age normal cost method. Significant actuarial assumptions used include: (i) a 8% investment rate of return; (ii) projected salary increases of 4.5% per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 25 years.

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:

Normal Cost Component	
Normal Cost	$ 19,056
Interest	1,048
Total Normal Costs	20,104
Amortization Component	
Actuarial Accrued Liability	325,198
Less: Assets	-
Unfunded Actuarial Accrued Liability	325,198
Divided by PV Factor	19.1879
Amortization Payment	16,948
Interest	932
Total Amortization Payment	17,880
Annual Required Contribution	$ 37,984

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

Annual Cost for OPEB	
Annual Required Contribution	$ 37,984
Annual OPEB Cost	37,984
Contributions Made – Current Year	(10,000)
Increase in Net OPEB Obligation	27,984
Net OPEB Obligation Beginning of Year	184,353
Net OPEB Obligation End of Year	$ 212,337

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2014 and 2015 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 36,107	21.0%	$ 156,169
2014	37,984	25.8%	184,353
2015	37,984	26.3%	212,337

Funding Policy, Funded Status, and Funding Progress. The County contributes $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. For fiscal year 2015 the County contributed $10,000 to the Plan.

As of December 31, 2015, the actuarial accrued liability for benefits was $325,198 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:

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

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.

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 Postemployment Benefits Other than Pensions, for certain health care reimbursements provided by the Road Commission to retired employees. The requirements of this statement are implemented prospectively, using the alternative calculation provision of the statement for employers with less than 100 employees, with the accrued liability for benefits amortized over 30 years. 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:

Annual required contribution	$ 101,651
Interest on net OPEB obligation	10,209
Annual pension cost	111,860
Contributions made	(117,224)
Decrease in net OPEB obligation	(5,364)
Net OPEB obligation beginning of year	309,367
Net OPEB obligation end of year	$ 304,003

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 Road Commission contribution will be $200 per month and effective July 1, 2003, $250 per month. At age 65, those receiving $250 per month change to $200 per month for the remainder of their life. There were 39 retirees receiving benefits with an approximate annual cost of $117,224. This benefit is not available for anyone hired after July 1, 2014.

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

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for three fiscal years are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	$ 106,909	46%	$ 286,095
2014	$ 101,651	77%	$ 309,367
2015	$ 111,860	105%	$ 304,003

Funded Status and Funding Progress: As of December 31, 2015, the actuarial accrued liability for benefits was not funded. The covered payroll (annual payroll of active employees covered by the plan) was $1,283,199.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following this note, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing 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 to 65 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 2014 health plan fixed payments for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums – Health Care Cost Trend Rate – was zero percent.

Other Assumptions and Methods: The inflation rate was assumed to be 3.3 % and the discount rate was 5.5%. The value of the Plan assets was set at market value. 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 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, 2014 there were no claims that exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

Antrim County Transportation

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

Meadow Brook Medical Care Facility

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

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

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 authorize contracts between Municipal Corporations (inter-local agreements) to form group self-insurance pools.

The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, vehicle liability coverage, claims administration, and risk management and loss control services pursuant to Michigan 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 agreement provides that it shall be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance based upon limits determined by the Pool Board of Directors.

The Road Commission is also self-insured for worker's compensation as a member of the County Road Association Self Insurance Fund. The Commission was unable to provide an estimate of additional potential assessments under these arrangements.

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:

	Total Appropriations	Amount of Expenditures	Budget Variance
Revenue Sharing Reserve:			
Operating Transfers Out	$ 488,789	$ 489,271	$ (482)

NOTE 12 - RESTATEMENT

	Governmental Activities	Business-type Activities	Component Unit
Beginning net position as previously reported at January 1, 2015	$ 20,666,095	$ 40,774,617	$ 31,557,915
Restatement of beginning net position – implementation of GASB 68: Net pension liability (measurement date) and Contributions to beginning of fiscal year	(5,218,301)	(2,223,770)	(6,145,171)
Net position as restated, January 1, 2015	$ 15,447,794	$ 38,550,847	$ 25,412,744

Required Supplementary Information

Employee Retirement System
Schedule of Funding Progress
For the Year Ended December 31, 2015

		2015
Total pension liability		
Service cost	$	463,968
Interest		1,889,077
Benefit payments, including refund of member contributions		(1,083,414)
Other Changes		(24,519)
Net change in total pension liability		1,245,112
Total pension liability - beginning		23,207,629
Total pension liability - ending	$	24,452,741
Plan fiduciary net position		
Contributions - employer	$	772,906
Contributions - employee		60,158
Net investment income		(268,099)
Benefit payments, including refunds of member contributions		(1,083,414)
Administrative expense		(38,860)
Net change in plan fiduciary net position		(557,309)
Plan fiduciary net position - beginning		17,714,681
Plan fiduciary net position - ending	$	17,157,372
County's net pension liability - ending	$	7,295,369
Plan fiduciary net position as a percentage of the total pension liability		70%
Covered - employee payroll	$	5,122,267
County's net pension liability as a percentage of covered-employee payroll		142%
Annual money-weighted rate of return, net of investment expense		6%

Employee Retirement System
Schedule of Funding Progress
For the Year Ended December 31, 2015

	2015
Actuarially determined contribution	$ 772,906
Contributions in relation to the actuarially determined contribution	(772,906)
Contribution deficiency (excess)	$ -
Covered - employee payroll	$ 5,122,267
Contributions as a percentage of covered-employee payroll	15%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-years smoothed market
Inflation	4.50%
Salary increases	4.5%, average, including inflation
Investment rate of return	8.00%
Retirement age	In the 2014 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the 1994 Group Annuity Mortality Table - Blended 50% Male / 50% Female

Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes and Penalties	$ 9,178,801	$ 9,187,888	$ 9,481,032	$ 293,144
Licenses and Permits	170,646	201,361	204,547	3,186
Federal Grants	52,067	52,067	53,297	1,230
State Grants	762,721	776,385	729,897	(46,488)
Charges for Services	987,014	1,099,302	1,140,373	41,071
Fines and Forfeits	1,000	1,000	2,550	1,550
Interest and Rents	262,014	261,994	302,263	40,269
Other Revenues	185,716	379,782	574,254	194,472
TOTAL REVENUES	11,599,979	11,959,779	12,488,213	528,434
EXPENDITURES:				
Legislative:				
Board of Commissioners	231,874	280,013	263,824	16,189
Total Legislative	231,874	280,013	263,824	16,189
Judicial:				
Circuit Court	388,852	388,852	365,537	23,315
Family Court	522,690	528,008	462,355	65,653
Family Court Detention Service	11,000	33,131	14,544	18,587
Circuit Court Probation	3,000	3,000	2,336	664
District Court	650,897	685,712	592,332	93,380
Friend of the Court	84,359	84,359	80,016	4,343
Probate Court	305,242	306,471	280,081	26,390
Jury Commission	3,233	3,233	2,640	593
Total Judicial	1,969,273	2,032,766	1,799,841	232,925
General Government:				
County Administrator	249,917	255,175	253,796	1,379
Accountant	68,080	77,394	69,057	8,337
Budget	82,520	82,520	61,725	20,795
Clerk	326,510	355,742	354,325	1,417
Communications Department	119,770	119,770	95,207	24,563
Computer	192,793	199,673	173,915	25,758
Grass River	50,800	93,745	73,708	20,037
Dams Reserve	-	-	3,660	(3,660)
GIS Implementation	-	-	3,264	(3,264)
Purchasing	35,230	35,230	18,039	17,191
Treasurer	251,739	258,705	244,019	14,686
Equalization	233,947	274,441	244,769	29,672
MSU Extension	154,709	161,237	160,566	671
Elections	43,116	43,143	21,235	21,908
Grove Street Anex	13,200	13,200	11,417	1,783
Courthouse	109,538	110,333	111,599	(1,266)
County Building and Grounds	482,162	574,143	517,024	57,119
Prosecuting Attorney	541,074	532,334	505,082	27,252
Register of Deeds	195,642	198,936	180,867	18,069
Microfilm	11,750	11,750	7,348	4,402
Victims' Rights	65,295	66,232	35,987	30,245
Prosecuting Attorney Child Support IVD	25,996	26,321	20,404	5,917
Drain Commissioner	561	578	571	7
Abstract	148,522	155,263	152,865	2,398
Survey and Remonumentation	40,000	46,529	45,962	567
Total General Government	3,442,871	3,692,394	3,366,411	325,983

Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Public Safety:				
Sheriff	3,187,652	3,205,620	3,036,558	169,062
Marine Safety	121,368	115,268	96,817	18,451
Secondary Road Patrol	49,710	49,710	45,701	4,009
Jail	402,697	403,934	372,293	31,641
Zero Tolerance	70,900	75,600	78,398	(2,798)
Emergency Services	67,478	72,411	66,302	6,109
Animal Control	193,821	192,344	172,878	19,466
Total Public Safety	4,093,626	4,114,887	3,868,947	245,940
Public Works:				
Dams	59,661	68,406	61,222	7,184
Health and Welfare:				
Health Department/Mental Health/Medical Examiner	546,186	554,186	533,991	20,195
Agency on Aging	6,823	7,493	7,271	222
Welfare	19,973	19,973	15,910	4,063
Housing	5,000	6,465	5,482	983
Veterans' Affairs	84,480	85,746	85,817	(71)
County-Wide Recycling	345,000	345,476	345,476	-
Soldiers Relief	48,200	48,474	37,038	11,436
Total Health and Welfare	1,055,662	1,067,813	1,030,985	36,828
Community and Economic Development:				
Resource Recovery	22,764	22,764	17,002	5,762
Planning Commission	8,889	8,889	5,465	3,424
Planner/Coordinator	65,349	67,863	64,594	3,269
EDC	4,767	5,417	2,118	3,299
Total Community and Economic Development	101,769	104,933	89,179	15,754
Recreation and Culture:				
Parks Commission	2,830	2,830	968	1,862
Parks	251,019	258,572	235,646	22,926
Parks - Antrim Creek	16,529	16,687	11,943	4,744
Total Recreation and Culture	270,378	278,089	248,557	29,532
Capital Outlay	250,979	301,407	232,850	68,557
Other:				
Appropriations	245,480	245,480	245,480	-
Other	366,255	293,899	5,763	288,136
Insurance and Fringes	388,000	451,562	433,498	18,064
Total Other	999,735	990,941	684,741	306,200
Debt Service:				
Principal	-	5,500	5,463	37
Interest Expense	-	600	569	31
Total Debt Service	-	6,100	6,032	68
TOTAL EXPENDITURES	12,475,828	12,937,749	11,652,589	1,285,160

Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(875,849)	(977,970)	835,624	1,813,594
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	922,939	928,839	889,321	(39,518)
Operating Transfers Out	(1,230,907)	(1,232,982)	(1,092,419)	140,563
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (1,183,817)	$ (1,282,113)	632,526	$ 1,914,639
FUND BALANCES, JANUARY 1			10,538,002	
FUND BALANCES, DECEMBER 31			$ 11,170,528	

Required Supplementary Information
Budgetary Comparison Schedule
Revenue Sharing Reserve Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	$ (488,789)	$ (488,789)	$ (489,271)	$ (482)
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	$ (488,789)	$ (488,789)	(489,271)	$ (482)
FUND BALANCE - BEGINNING OF YEAR			2,422,821	
FUND BALANCE - END OF YEAR			$ 1,933,550	

Required Supplementary Information
Budgetary Comparison Schedule
Services for Aged
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	$ 684,228	$ 684,228	$ 685,141	$ 913
Federal Sources	69,357	69,357	76,638	7,281
State Sources	135,934	152,428	173,462	21,034
Charges for Services	119,300	132,888	132,924	36
Interest and Rents	2,000	2,000	2,665	665
Other Revenue	34,600	68,042	86,820	18,778
TOTAL REVENUES	1,045,419	1,108,943	1,157,650	48,707
EXPENDITURES:				
Health and Welfare	1,132,728	1,141,397	898,820	242,577
Capital Outlay	-	34,568	34,568	-
TOTAL EXPENDITURES	1,132,728	1,175,965	933,388	242,577
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	(87,309)	(67,022)	224,262	291,284
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	109,140	109,140	2,677	(106,463)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ 21,831	$ 42,118	226,939	$ 184,821
FUND BALANCE - BEGINNING OF YEAR			137,695	
FUND BALANCE - END OF YEAR			$ 364,634	

Required Supplementary Information
Budgetary Comparison Schedule
Housing Project Income
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Interest and Rents	$ 4,610	$ 4,610	$ 3,657	$ (953)
Other Revenue	30,000	30,000	45,003	15,003
TOTAL REVENUES	34,610	34,610	48,660	14,050
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(52,000)	(83,985)	(83,985)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (17,390)	$ (49,375)	(35,325)	$ 14,050
FUND BALANCE - BEGINNING OF YEAR			89,202	
FUND BALANCE - END OF YEAR			$ 53,877	

Required Supplementary Information
Budgetary Comparison Schedule
E-911 Operating
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	$ 817,200	$ 817,200	$ 856,477	$ 39,277
Interest and Rents	1,200	1,200	1,490	290
Other Revenue	1,000	1,000	1,386	386
TOTAL REVENUES	819,400	819,400	859,353	39,953
EXPENDITURES				
Public Safety	813,694	813,694	745,985	67,709
TOTAL EXPENDITURES	813,694	813,694	745,985	67,709
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	$ 5,706	$ 5,706	113,368	$ 107,662
FUND BALANCE - BEGINNING OF YEAR			539,573	
FUND BALANCE - END OF YEAR			$ 652,941	

Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b – a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b – a) / c)
Primary Government						
2007	$ -	$ 313,704	$ 313,704	0.0%	Not Available	-
2010	$ -	$ 272,090	$ 272,090	0.0%	Not Available	-
2013	$ -	$ 325,198	$ 325,198	0.0%	Not Available	-
Road Commission						
2012	$ -	$ 978,361	$ 978,361	0.0%	Not Available	-
2013	$ -	$ 978,361	$ 978,361	0.0%	Not Available	-
2014	$ -	$ 939,006	$ 939,006	0.0%	$ 1,288,049	73%

Other Information

Combining Balance Sheet
General Funds
December 31, 2015

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Information Technology Transition	Grass River
ASSETS:								
Cash and Equivalents - Unrestricted	$ 8,263,175	$ 107,231	$ 571,529	$ 87,639	$ 53,979	$ 261,706	$ 64,265	$ 37,496
Receivables:								
Taxes	651,169	-	-	-	-	-	-	-
Accounts	63,485	-	-	-	-	-	-	-
Due From Other Governmental Units	263,397	-	-	-	-	-	-	-
TOTAL ASSETS	$ 9,241,226	$ 107,231	$ 571,529	$ 87,639	$ 53,979	$ 261,706	$ 64,265	$ 37,496
LIABILITIES:								
Accounts Payable	$ 356,487	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,455
Accrued Liabilities	179,837	-	-	-	-	-	-	-
TOTAL LIABILITIES	536,324	-	-	-	-	-	-	19,455
FUND BALANCES:								
Committed	-	-	-	-	-	-	-	18,041
Assigned	-	107,231	571,529	87,639	53,979	261,706	64,265	-
Unassigned	8,704,902	-	-	-	-	-	-	-
TOTAL FUND BALANCES	8,704,902	107,231	571,529	87,639	53,979	261,706	64,265	18,041
TOTAL LIABILITIES AND FUND BALANCES	$ 9,241,226	$ 107,231	$ 571,529	$ 87,639	$ 53,979	$ 261,706	$ 64,265	$ 37,496

Combining Balance Sheet
General Funds
December 31, 2015

	County-Wide Recycling	Park Fund Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant	Soldier's Relief	Self-Insured Reserve	Capital Project Building & Structures	Totals
ASSETS:									
Cash and Equivalents - Unrestricted	$ 64,925	$ 9,013	$ 27,659	$ 665,525	$ 7,776	$ 8,073	$ 279,439	$ 271,908	$ 10,781,338
Receivables:									
Taxes	-	-	-	-	-	-	-	-	651,169
Accounts	-	-	-	-	-	-	-	-	63,485
Due From Other Governmental Units	-	-	-	-	-	-	-	-	263,397
TOTAL ASSETS	$ 64,925	$ 9,013	$ 27,659	$ 665,525	$ 7,776	$ 8,073	$ 279,439	$ 271,908	$ 11,759,389
LIABILITIES:									
Accounts Payable	$ 29,714	$ -	$ 1,439	$ -	$ -	$ -	$ -	$ 1,929	$ 409,024
Accrued Liabilities	-	-	-	-	-	-	-	-	179,837
TOTAL LIABILITIES	29,714	-	1,439	-	-	-	-	1,929	588,861
FUND BALANCES:									
Committed	35,211	-	-	-	-	-	-	269,979	323,231
Assigned	-	-	26,220	-	-	8,073	-	-	1,180,642
Unassigned	-	9,013	-	665,525	7,776	-	279,439	-	9,666,655
TOTAL FUND BALANCES	35,211	9,013	26,220	665,525	7,776	8,073	279,439	269,979	11,170,528
TOTAL LIABILITIES AND FUND BALANCES	$ 64,925	$ 9,013	$ 27,659	$ 665,525	$ 7,776	$ 8,073	$ 279,439	$ 271,908	$ 11,759,389

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2015

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Information Technology Transition	Grass River
REVENUES:								
Taxes	$ 9,481,032	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	204,547	-	-	-	-	-	-	-
Federal Sources	53,297	-	-	-	-	-	-	-
State Sources	729,897	-	-	-	-	-	-	-
Charges for Services	1,139,340	-	-	-	-	-	-	-
Fines and Forfeitures	2,550	-	-	-	-	-	-	-
Interest and Rents	298,648	144	766	117	72	350	86	59
Other Revenue	564,468	-	-	-	-	-	-	-
TOTAL REVENUES	12,473,779	144	766	117	72	350	86	59
EXPENDITURES:								
Legislative	263,824	-	-	-	-	-	-	-
Judicial	1,799,841	-	-	-	-	-	-	-
General Government	3,285,779	-	3,660	-	-	-	-	73,708
Public Safety	3,868,947	-	-	-	-	-	-	-
Public Works	61,222	-	-	-	-	-	-	-
Health and Welfare	648,471	-	-	-	-	-	-	-
Community/Economic Development	89,179	-	-	-	-	-	-	-
Recreation and Cultural	248,557	-	-	-	-	-	-	-
Other	684,741	-	-	-	-	-	-	-
Debt Service	6,032	-	-	-	-	-	-	-
Capital Outlay	213,560	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,170,153	-	3,660	-	-	-	-	73,708
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,303,626	144	(2,894)	117	72	350	86	(73,649)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	495,171	-	-	-	-	-	-	45,150
Operating Transfers Out	(1,086,519)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(591,348)	-	-	-	-	-	-	45,150
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	712,278	144	(2,894)	117	72	350	86	(28,499)
FUND BALANCES - BEGINNING OF YEAR	7,992,624	107,087	574,423	87,522	53,907	261,356	64,179	46,540
FUND BALANCES - END OF YEAR	$ 8,704,902	$ 107,231	$ 571,529	$ 87,639	$ 53,979	$ 261,706	$ 64,265	$ 18,041

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2015

	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
REVENUES:									
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,481,032
Licenses and Permits	-	-	-	-	-	-	-	-	204,547
Federal Sources	-	-	-	-	-	-	-	-	53,297
State Sources	-	-	-	-	-	-	-	-	729,897
Charges for Services	-	-	1,033	-	-	-	-	-	1,140,373
Fines and Forfeitures	-	-	-	-	-	-	-	-	2,550
Interest and Rents	257	12	38	889	10	-	374	441	302,263
Other Revenue	-	1,899	-	-	-	1,168	-	6,719	574,254
TOTAL REVENUES	257	1,911	1,071	889	10	1,168	374	7,160	12,488,213
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	263,824
Judicial	-	-	-	-	-	-	-	-	1,799,841
General Government	-	-	3,264	-	-	-	-	-	3,366,411
Public Safety	-	-	-	-	-	-	-	-	3,868,947
Public Works	-	-	-	-	-	-	-	-	61,222
Health and Welfare	345,476	-	-	-	-	37,038	-	-	1,030,985
Community/Economic Development	-	-	-	-	-	-	-	-	89,179
Recreation and Cultural	-	-	-	-	-	-	-	-	248,557
Other	-	-	-	-	-	-	-	-	684,741
Debt Service	-	-	-	-	-	-	-	-	6,032
Capital Outlay	-	-	-	-	-	-	-	19,290	232,850
TOTAL EXPENDITURES	345,476	-	3,264	-	-	37,038	-	19,290	11,652,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(345,219)	1,911	(2,193)	889	10	(35,870)	374	(12,130)	835,624
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	349,000	-	-	-	-	-	-	-	889,321
Operating Transfers Out	-	-	-	-	-	-	-	(5,900)	(1,092,419)
TOTAL OTHER FINANCING SOURCES (USES)	349,000	-	-	-	-	-	-	(5,900)	(203,098)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,781	1,911	(2,193)	889	10	(35,870)	374	(18,030)	632,526
FUND BALANCES - BEGINNING OF YEAR	31,430	7,102	28,413	664,636	7,766	43,943	279,065	288,009	10,538,002
FUND BALANCES - END OF YEAR	$ 35,211	$ 9,013	$ 26,220	$ 665,525	$ 7,776	$ 8,073	$ 279,439	$ 269,979	$ 11,170,528

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
ASSETS:								
Cash and Investments - Unrestricted	$ 8,450	$ 524,806	$ 510	$ 391	$ 17,487	$ 281,639	$ 4,169	$ 72,668
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 8,450	$ 524,806	$ 510	$ 391	$ 17,487	$ 281,639	$ 4,169	$ 72,668
LIABILITIES:								
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	-	3,000	-	-
Due to Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	-	-	3,000	-	-
FUND BALANCE:								
Restricted	8,450	-	510	391	17,487	-	-	-
Committed	-	-	-	-	-	-	-	72,668
Assigned	-	524,806	-	-	-	278,639	4,169	-
TOTAL FUND BALANCES	8,450	524,806	510	391	17,487	278,639	4,169	72,668
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,450	$ 524,806	$ 510	$ 391	$ 17,487	$ 281,639	$ 4,169	$ 72,668

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds							
	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Wireless	Concealed Pistol Licensing
ASSETS:								
Cash and Equivalents	$ 8,518	$ 470,266	$ 2,300	$ 4,044	$ 21,380	$ 21,875	$ 445,474	$ 5,992
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	36,494	-
TOTAL ASSETS	$ 8,518	$ 470,266	$ 2,300	$ 4,044	$ 21,380	$ 21,875	$ 481,968	$ 5,992
LIABILITIES:								
Accounts Payable	$ -	$ 3,565	$ -	$ -	$ -	$ 874	$ 5,069	$ -
Accrued Liabilities	-	9,090	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	12,655	-	-	-	874	5,069	-
FUND BALANCE:								
Restricted	-	457,611	-	-	21,380	21,001	476,899	5,992
Committed	8,518	-	2,300	-	-	-	-	-
Assigned	-	-	-	4,044	-	-	-	-
TOTAL FUND BALANCES	8,518	457,611	2,300	4,044	21,380	21,001	476,899	5,992
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,518	$ 470,266	$ 2,300	$ 4,044	$ 21,380	$ 21,875	$ 481,968	$ 5,992

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	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	$ 35,373	$ 20,190	$ 200	$ 20,907	$ 15,320	$ 13,400	$ 40,229	$ -
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 35,373	$ 20,190	$ 200	$ 20,907	$ 15,320	$ 13,400	$ 40,229	$ -
LIABILITIES:								
Accounts Payable	$ 2,473	$ 1,521	$ -	$ -	$ -	$ -	$ 87	$ -
Accrued Liabilities	-	-	-	-	-	-	2,515	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	2,473	1,521	-	-	-	-	2,602	-
FUND BALANCE:								
Restricted	32,900	-	200	20,907	15,320	-	37,627	-
Committed	-	18,669	-	-	-	13,400	-	-
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	32,900	18,669	200	20,907	15,320	13,400	37,627	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 35,373	$ 20,190	$ 200	$ 20,907	$ 15,320	$ 13,400	$ 40,229	$ -

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Special Revenue Funds						Debt Service Fund	Capital Project Fund
	Probate Grant	Housing CDBG Grant 03/04	Emergency Services LEPC Grant	Child Care	Veteran's Trust	Meadow View Senior Housing	Meadow Brook Project Debt	MCF Renovations
ASSETS:								
Cash and Equivalents	$ 3,457	$ 2,730	$ 4,686	$ 412,070	$ 1,018	$ 116,356	$ 100,082	$ -
Receivables:								
Accounts	-	-	-	-	-	321	-	-
Due From Other Governmental Units	-	-	-	11,288	-	-	-	-
TOTAL ASSETS	$ 3,457	$ 2,730	$ 4,686	$ 423,358	$ 1,018	$ 116,677	$ 100,082	$ -
LIABILITIES:								
Accounts Payable	$ -	$ -	$ -	$ 6,355	$ -	$ 7,242	$ -	$ -
Accrued Liabilities	-	-	-	-	-	3,000	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	-	6,355	-	10,242	-	-
FUND BALANCE:								
Restricted	3,457	2,730	4,686	417,003	1,018	-	100,082	-
Committed	-	-	-	-	-	106,435	-	-
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	3,457	2,730	4,686	417,003	1,018	106,435	100,082	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,457	$ 2,730	$ 4,686	$ 423,358	$ 1,018	$ 116,677	$ 100,082	$ -

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015

	Capital Project Fund	
	Grass River N A Interpretive Center	Total
ASSETS:		
Cash and Equivalents	$ 213,664	$ 2,889,651
Receivables:		
Accounts	-	321
Due From Other Governmental Units	-	47,782
TOTAL ASSETS	$ 213,664	$ 2,937,754
LIABILITIES:		
Accounts Payable	$ -	$ 27,186
Accrued Liabilities	-	17,605
Due to Other Governmental Units	-	-
TOTAL LIABILITIES	-	44,791
FUND BALANCE:		
Restricted	213,664	1,859,315
Committed	-	221,990
Assigned	-	811,658
TOTAL FUND BALANCES	213,664	2,892,963
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 213,664	$ 2,937,754

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
REVENUES:								
Licenses and Permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	6,180	-	-	23,500	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	11	31,870	-	1	25	382	8	113
Other Revenue	-	-	-	-	5,690	-	6,231	6,820
TOTAL REVENUES	11	31,870	6,180	1	5,715	23,882	6,239	6,933
EXPENDITURES:								
Judicial	-	-	6,260	-	-	-	-	-
General Government	-	-	-	-	-	7,143	-	-
Public Safety	-	-	-	5,545	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	6,334	2,773
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	6,260	5,545	-	7,143	6,334	2,773
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11	31,870	(80)	(5,544)	5,715	16,739	(95)	4,160
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	1,000	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	1,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	11	31,870	(80)	(5,544)	5,715	16,739	905	4,160
FUND BALANCES - BEGINNING OF YEAR	8,439	492,936	590	5,935	11,772	261,900	3,264	68,508
FUND BALANCES - END OF YEAR	$ 8,450	$ 524,806	$ 510	$ 391	$ 17,487	$ 278,639	$ 4,169	$ 72,668

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds							
	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Wireless	Concealed Pistol Licensing
REVENUES:								
Licenses and Permits	$ -	$ 490,885	$ -	$ -	$ -	$ -	$ -	$ 5,990
State	-	-	-	-	-	9,907	146,934	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	51,100	-	-	-
Interest and Rents	-	654	3	3	56	27	532	2
Other Revenue	-	989	-	-	-	-	-	-
TOTAL REVENUES	-	492,528	3	3	51,156	9,934	147,466	5,992
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	959	-	-	-	-
Public Safety	-	436,975	-	-	47,192	9,523	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	9,299	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	31,869	-	19,932	-
TOTAL EXPENDITURES	9,299	436,975	-	959	79,061	9,523	19,932	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,299)	55,553	3	(956)	(27,905)	411	127,534	5,992
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	2,050	-	1,075	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	2,050	-	1,075	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(7,249)	55,553	1,078	(956)	(27,905)	411	127,534	5,992
FUND BALANCES - BEGINNING OF YEAR	15,767	402,058	1,222	5,000	49,285	20,590	349,365	-
FUND BALANCES - END OF YEAR	$ 8,518	$ 457,611	$ 2,300	$ 4,044	$ 21,380	$ 21,001	$ 476,899	$ 5,992

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	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:								
Licenses and Permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State	-	-	-	3,590	-	-	20,000	-
Local	-	-	-	-	3,500	-	-	-
Charges for Services	7,316	31,382	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	46	22	-	-	18	-	-	-
Other Revenue	-	-	100	-	-	-	1,500	5,000
TOTAL REVENUES	7,362	31,404	100	3,590	3,518	-	21,500	5,000
EXPENDITURES:								
Judicial	-	-	-	-	4,626	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	6,728	24,358	-	3,763	-	-	43,432	-
Health and Welfare	-	-	-	-	-	-	-	5,000
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	6,728	24,358	-	3,763	4,626	-	43,432	5,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	634	7,046	100	(173)	(1,108)	-	(21,932)	-
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	10,000	-	46,907	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	10,000	-	46,907	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	634	7,046	100	(173)	8,892	-	24,975	-
FUND BALANCES - BEGINNING OF YEAR	32,266	11,623	100	21,080	6,428	13,400	12,652	-
FUND BALANCES - END OF YEAR	$ 32,900	$ 18,669	$ 200	$ 20,907	$ 15,320	$ 13,400	$ 37,627	$ -

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Special Revenue Funds						Debt Service Fund	Capital Project Fund
	Probate Grant	Housing CDBG Grant 03/04	Emergency Services LEPC Grant	Child Care	Veteran's Trust	Meadow View Senior Housing	Meadow Brook Project Debt	MCF Renovations
REVENUES:								
Licenses and Permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
State	-	-	-	112,810	5,137	-	-	-
Local	1,479	-	-	-	-	-	-	-
Charges for Services	-	-	-	38,114	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	-	-	-	-	-	111,920	227	41
Other Revenue	-	-	-	28,039	-	-	-	-
TOTAL REVENUES	1,479	-	-	178,963	5,137	111,920	227	41
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	1,337	88,917	-	250,428	5,387	55,097	-	240,704
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	899,415	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,337	88,917	-	250,428	5,387	55,097	899,415	240,704
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	142	(88,917)	-	(71,465)	(250)	56,823	(899,188)	(240,663)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	83,985	-	200,000	-	-	899,125	-
TOTAL OTHER FINANCING SOURCES (USES)	-	83,985	-	200,000	-	-	899,125	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	142	(4,932)	-	128,535	(250)	56,823	(63)	(240,663)
							0	
FUND BALANCES - BEGINNING OF YEAR	3,315	7,662	4,686	288,468	1,268	49,612	100,145	240,663
FUND BALANCES - END OF YEAR	$ 3,457	$ 2,730	$ 4,686	$ 417,003	$ 1,018	$ 106,435	$ 100,082	$ -

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2015

	Capital Project Fund: Grass River N A Interpretive Center	Total
REVENUES:		
Licenses and Permits	$ -	$ 496,875
State	-	298,378
Local	-	4,979
Charges for Services	-	106,492
Fines and Forfeits	-	51,100
Interest and Rents	-	145,961
Other Revenue	-	54,369
TOTAL REVENUES	-	1,158,154
EXPENDITURES:		
Judicial	-	10,886
General Government	-	8,102
Public Safety	-	577,516
Health and Welfare	-	646,870
Recreation and Culture	1,073	19,479
Debt Service	-	899,415
Capital Outlay	-	51,801
TOTAL EXPENDITURES	1,073	2,214,069
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,073)	(1,055,915)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	-	1,244,142
TOTAL OTHER FINANCING SOURCES (USES)	-	1,244,142
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,073)	188,227
FUND BALANCES - BEGINNING OF YEAR	214,737	2,704,736
FUND BALANCES - END OF YEAR	$ 213,664	$ 2,892,963

Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2015

	Airport	Elk Rapids Hydro Electric	Transportation	Total
ASSETS:				
Cash and Equivalents - Unrestricted	$ 276,485	$ 361,138	$ 233,394	$ 871,017
Accounts Receivables	42,400	-	45,612	88,012
Due From Other Governments	-	-	11,272	11,272
Prepaid Items	-	-	2,772	2,772
Inventories	18,733	-	37,659	56,392
Capital Assets (Net of Accumulated Depreciation)	2,136,105	68,613	642,831	2,847,549
TOTAL ASSETS	2,473,723	429,751	973,540	3,877,014
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment Experience and Contributions	-	-	68,705	68,705
LIABILITIES:				
Accounts Payable	3,693	-	33,533	37,226
Accrued Liabilities	16,709	-	19,506	36,215
Net Pension Liability - Due in more than one year	-	-	364,768	364,768
TOTAL LIABILITIES	20,402	-	417,807	438,209
NET POSITION:				
Net Investment in Capital Assets	2,136,105	68,613	642,831	2,847,549
Unrestricted	317,216	361,138	(18,393)	659,961
TOTAL NET POSITION	$ 2,453,321	$ 429,751	$ 624,438	$ 3,507,510

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2015

	Airport	Elk Rapids Hydro Electric	Transportation	Total
OPERATING REVENUES:				
Charges for Services	$ 245,915	$ 20,352	$ 301,952	$ 568,219
TOTAL OPERATING REVENUES	245,915	20,352	301,952	568,219
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	268,591	-	638,559	907,150
Depreciation	180,404	15,142	223,013	418,559
Other Expenses	166,720	-	249,847	416,567
TOTAL OPERATING EXPENSES	615,715	15,142	1,111,419	1,742,276
OPERATING INCOME (LOSS)	(369,800)	5,210	(809,467)	(1,174,057)
NON OPERATING REVENUES (EXPENSES):				
Interest Earnings	394	469	322	1,185
Oil and Gas Royalties	5,504	-	-	5,504
Federal Grants - Section 5311	146,296	-	198,636	344,932
State Grants - Section 5311	8,080	-	322,123	330,203
Unrealized Gain/(Loss)	17,213	-	2,473	19,686
TOTAL NONOPERATING REVENUES (EXPENSES)	177,487	469	523,554	701,510
INCOME (LOSS) BEFORE TRANSFERS	(192,313)	5,679	(285,913)	(472,547)
Operating Transfers In	262,660	-	166,000	428,660
Changes in Net Position	70,347	5,679	(119,913)	(43,887)
NET POSITION - BEGINNING OF YEAR	2,382,974	424,072	744,351	3,551,397
NET POSITION - END OF YEAR	$ 2,453,321	$ 429,751	$ 624,438	$ 3,507,510

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2015

	Airport	Elk Rapids Hydro Electric	Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 246,754	$ 20,352	$ 316,354	$ 583,460
Cash Payments for Goods and Service	(196,452)	-	(267,975)	(464,427)
Cash Payments to Employees for Services/Fringe Benefits	(259,250)	-	(612,605)	(871,855)
Net Cash Provided (Used) by Operating Activities	(208,948)	20,352	(564,226)	(752,822)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	262,660	-	166,000	428,660
Operating Grants Received	-	-	445,470	445,470
Net Cash Provided (Used) by Noncapital and Related Financing Activities	262,660	-	611,470	874,130
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(171,686)	-	(66,832)	(238,518)
Capital Acquisition Grants - Received in Cash	154,376	-	73,145	227,521
Proceeds from Sale of Property and Equipment	17,213	-	2,473	19,686
Net Cash Provided (Used) by Capital and Related Financing Activities	(97)	-	8,786	8,689
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	393	470	322	1,185
Oil & Gas Royalties	5,504	-	-	5,504
Net Cash Provided (Used) by Investing Activities	5,897	470	322	6,689
Net Increase (Decrease) in Cash and Equivalents	59,512	20,822	56,352	136,686
Cash and Equivalents - Beginning of the Year	216,973	340,316	177,042	734,331
Cash and Equivalents - End of Year	$ 276,485	$ 361,138	$ 233,394	$ 871,017
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (369,800)	$ 5,210	$ (809,467)	$ (1,174,057)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	180,404	15,142	223,013	418,559
Change in Assets and Liabilities:				
Accounts Receivable	839	-	14,402	15,241
Inventories	(18,733)	-	(4,663)	(23,396)
Accounts Payable	(10,999)	-	(13,465)	(24,464)
Accrued Liabilities	9,341	-	25,954	35,295
Net Cash Provided (Used) by Operating Activities	$ (208,948)	$ 20,352	$ (564,226)	$ (752,822)

Report on Compliance

KINROSS OFFICE
SUE A. BOWLBY, CPA, PRINCIPAL
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

PHILLIP J. WOLF, CPA

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, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2015, 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 30, 2016. Our report includes reference to other auditors who audited the financial statements of 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.

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.

16978 S. RILEY AVENUE
KINCHELOE, MICHIGAN 49788
(906) 495-5952 / FAX 495-7312
E-mail: antack@antack.com

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 2015-001.

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,* which is described in the accompanying schedule of findings and responses as item 2015-001.

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.

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 & Co. PLC

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

June 30, 2016

Schedule of Findings and Responses
For the Year Ended December 31, 2015

Significant Deficiencies – Noncompliance with State Statutes

Excess Expenditures Over Appropriations ***Finding 2015-001***

Condition: Our examination indicated one 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 2015 General Appropriations Act (budget) provided for expenditures of the Revenue Sharing Reserve Fund to be controlled to the activity level. During the fiscal year ended December 31, 2015, expenditures were incurred in excess of amounts appropriated in the amended budgets for the Revenue Sharing Reserve Fund on page 60 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, 2015, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
Revenue Sharing Reserve:			
Operating Transfers Out	$ 488,789	$ 489,271	$ (482)

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

Cause: Additional billings for fiscal year 2015 were submitted after year end that were unknown to management of Antrim County.

Recommendation: The County and personnel responsible for administrating the activities of the various funds of the county have developed budgetary control procedures for the Revenue Sharing Reserve Fund. These procedures could not identify an overage which is unknown by management until after the fiscal year ends.

Management's Response – Corrective Action Plan: Management does monitor budgets closely and perform budget amendments on a timely basis. We will work to implement budget amendments as soon as information becomes available to us; however, because the budgets lapse at year end amendments can only be made as information becomes available.

- Contact Person(s) Responsible for Correction:
  Debra Haydell, Accountant- Chief Administrative Officer

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
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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, aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan for the year ended December 31, 2015, and have issued our report thereon dated June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *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 December 10, 2015, 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, inconformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

16978 S. RILEY AVENUE
KINCHELOE, MICHIGAN 49788

(906) 495-5952 / FAX 495-7312
E-mail: antack@antack.com

We have been engaged to report on combining fund financial statements, which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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 December 10, 2015.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Antrim, Michigan are described in Note 1 to the financial statements. Two new accounting policies were adopted regarding GASB Statements 68 and 71 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 liability 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 30, 2016.

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.

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.

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.

Status: Implemented during fiscal 2015.

Disbursements

It was noted during our testing of controls over disbursements that on multiple occasions' District Court Bond checks were issued with only one authorizing signature. We recommend that all checks be issued with two authorizing signatures to create a stronger internal control structure.

Credit Cards

It was noted during our testing of controls over credit card disbursements that on one occasion, one transaction on a credit card billing was not supported by receipt or other supporting documentation. We recommend that all credit card transaction be supported by receipt or other substantive purchase form to comply with county credit card policy.

Other Postemployment Benefits

In June 2015, the Governmental Accounting Standards Board issued Statement Number 74 – "Financial Reporting for Postemployment Benefits other than Pensions." The standard addresses how to measure long-term liabilities and annual costs of Other Postemployment Benefits (OPEB) for the purposes of reporting them in the financial statements. The standard does not apply to how a governmental unit should fund future OPEB payments, however. The standard makes significant changes which will increase the liability and may adjust annual OPEB expense as well. A net OPEB liability will be reported in the employer's statement of net position which could amount to a significant increase than past amounts reported. The OPEB expense will also be significantly more volatile, since there will likely be two sets of calculations for expense and funding. Additionally, changes in methods and assumptions used in the actuarial calculations, more extensive footnote disclosures and required supplementary information will be needed.

The standard is effective for fiscal years beginning after June 15, 2016. We encourage the Board and management to review the provisions of this new standard and anticipate its effect on the financial reporting process.

Fair Value of Investments

The Governmental Accounting Standards Board has issued final guidance on accounting and financial reporting issues related to fair value measurements, which primarily apply to investments made by state and local governments. GASB Statement No. 72 – *Fair Value Measurement and Application* defines fair value and describes how fair value should be determined and recorded, what assets and liabilities should be measured by fair value and presented in the government's statement of net position or balance sheet and required disclosures of fair value in the footnotes to the financial statements. Management should be aware of the requirements and valuation techniques as applicable to the governmental entity. The statement is effective for periods beginning after June 15, 2015.

Other Matters

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

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

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 & Co. PLC

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

June 30, 2016