County of Antrim, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2016

COUNTY OF ANTRIM, MICHIGAN

BOARD OF COMMISSIONERS

Ed Boettcher
Chairman

Karen Bargy
Vice Chair

David Heeres	Bryan Smith
Dawn LaVanway	Scott Kruger
Melissa Zelenak	Christian Marcus
Brenda Ricksgers	

OTHER OFFICIALS

Peter Garwood – Administrator

Debra Haydell
Financial Director

Sheryl Guy Clerk	Sherry Comben Treasurer
Daniel S. Bean Sheriff	James L. Rossiter Prosecuting Attorney

TABLE OF CONTENTS

OTHER INFORMATION:

REPORT ON COMPLIANCE:

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS
MEMBER MACPA
OFFICES IN
MICHIGAN & WISCONSIN

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 unit, each major fund, and the aggregate remaining fund information, of the County of Antrim, Michigan, as of and for the year ending December 31, 2016, 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 58 percent, 52 percent, and 92 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 *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2016, 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 67 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 22, 2017 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 22, 2017

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, 2016. 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, 2016 by $53,765,126. Of this amount $9,406,234 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- At December 31, 2016, the County's governmental funds reported combined ending fund balance of $17,932,474.
- At December 31, 2016, unassigned fund balance for the General Fund was $10,194,223 or 79% of General Fund expenditures and transfers out.
- Governmental funds revenues were $15,766,091.

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 53 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 14-15 of this report.

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

The basic proprietary fund financial statements can be found on pages 17-19 of this report.

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

The basic fiduciary fund financial statements can be found on page 20 of this report.

Notes To Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-58 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 59-67 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 68-84 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 $53,765,126 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	
	2016	2015	2016	2015	2016	2015
Current Assets	$ 21,619,250	$ 20,367,142	$ 25,093,130	$ 22,439,586	$ 46,712,380	$ 42,806,728
Capital Assets	16,860,868	17,067,058	19,078,266	20,744,978	35,939,134	37,812,036
Total Assets	38,480,118	37,434,200	44,171,396	43,184,564	82,651,514	80,618,764
Deferred Outflows of Resources	1,805,762	1,305,399	2,371,140	862,639	4,176,902	2,168,038
Current Liabilities	1,355,847	1,214,991	1,569,133	713,293	2,924,980	1,928,284
Noncurrent Liabilities	19,824,748	19,043,562	5,729,478	3,830,713	25,554,226	22,874,275
Total Liabilities	21,180,595	20,258,553	7,298,611	4,544,006	28,479,206	24,802,559
Deferred Inflows of Resources	2,830,929	2,583,658	1,753,155	1,737,328	4,584,084	4,320,986
Net Position						
Net Investment in Capital Assets	16,860,868	17,067,058	18,948,512	20,744,978	35,809,380	37,812,036
Restricted	4,676,747	6,621,968	3,872,765	1,804,944	8,549,512	8,426,912
Unrestricted (Deficit)	(5,263,259)	(7,791,638)	14,669,493	15,215,947	9,406,234	7,424,309
Total Net Position	$ 16,274,356	$ 15,897,388	$ 37,490,770	$ 37,765,869	$ 53,765,126	$ 53,663,257

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 67% 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 17%. 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		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	$ 2,203,196	$ 2,139,030	$ 18,083,561	$ 16,749,322	$ 20,286,757	$ 18,888,352
Operating Grants and Contributions	1,856,218	1,947,479	456,216	447,614	2,312,434	2,395,093
Capital Grants and Contributions	-	-	73,557	227,521	73,557	227,521
General Revenues						
Property Taxes	11,177,767	11,022,650	1,739,118	1,716,991	12,916,885	12,739,641
Convention Tax	112,649	147,282	-	-	112,649	147,282
Investment Earnings and Rents	416,261	427,402	60,011	35,967	476,272	463,369
Gain (Loss) on Sale of Capital Assets	-	28,187	-	19,686	-	47,873
Total Revenues	15,766,091	15,712,030	20,412,463	19,197,101	36,178,554	34,909,131
Program Expenses						
Legislative	272,748	263,824	-	-	272,748	263,824
Judicial	1,791,113	1,839,543	-	-	1,791,113	1,839,543
General Government	4,302,854	3,781,684	-	-	4,302,854	3,781,684
Public Safety	5,464,130	5,685,997	-	-	5,464,130	5,685,997
Public Works	57,220	61,222	-	-	57,220	61,222
Health and Welfare	2,414,469	2,630,273	-	-	2,414,469	2,630,273
Community/Economic Development	96,457	89,179	-	-	96,457	89,179
Recreation and Culture	309,888	296,455	-	-	309,888	296,455
Interest - Unallocated	384,415	399,984	-	-	384,415	399,984
Delinquent Property Tax	-	-	323,179	348,278	323,179	348,278
Medical Care Facility	-	-	18,057,114	17,421,062	18,057,114	17,421,062
Other Expense	894,009	684,740	1,709,089	1,742,276	2,603,098	2,427,016
Total Expenses	15,987,303	15,732,901	20,089,382	19,511,616	36,076,685	35,244,517
Changes in Net Position Before Transfers	(221,212)	(20,871)	323,081	(314,515)	101,869	(335,386)
Transfers - Net	598,180	470,465	(598,180)	(470,465)	-	-
Changes in Net Position	376,968	449,594	(275,099)	(784,980)	101,869	(335,386)
Net Position - Beginning	15,897,388	15,447,794	37,765,869	38,550,849	53,663,257	53,998,643
Net Position - Ending	$ 16,274,356	$ 15,897,388	$ 37,490,770	$ 37,765,869	$ 53,765,126	$ 53,663,257

Governmental Activities

Total governmental activities increased the County's net position by $376,968. The increase in the governmental activities net position was primarily due to transfers from business-type activities.

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 $275,099. The decrease in the business-type activities net position was primarily due to transfers to governmental activities. The Medical Care Facility also showed a decrease in net position. The Transportation Fund showed also 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 66% of annual governmental expenditures in 2016 in the governmental funds.

The General Fund fund balance increased by $572,018 from $11,170,528 to $11,742,546 during 2016.

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

	2016	2015
Enterprise Funds		
100% Tax Payment Fund	$ 13,514,263	$ 12,978,512
Medical Care Facility	$ 412,762	$ 1,577,474
Airport Fund	$ 372,844	$ 317,216
Elk Rapids Hydro Electric	$ 369,274	$ 361,138
Transportation Fund	$ 350	$ (18,393)

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:	
Camping Fees were increased by	$ 50,803
Register of Deeds Transfer Tax was increased by	$ 43,341
Register of Deeds Revenue was increased by	$ 12,227
Transfers In were increased by	$ 210,200
Expenditures:	
General Government was increased by	$ 119,283
Public Safety was increased by	$ 81,103
Recreation and Culture was increased by	$ 26,371
Capital Outlay was increased by	$ 164,975

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 $11,700,000 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 2015 to 2016. The increase is expected to continue in 2017.

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 2017.

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, 2016

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Unit
ASSETS:				
Cash and Investments	$ 17,873,342	$ 20,433,296	$ 38,306,638	$ 677,545
Receivables:				
Accounts	93,724	1,298,700	1,392,424	19,057
Current Taxes	2,229,111	1,753,155	3,982,266	-
Delinquent Taxes	-	1,192,741	1,192,741	-
Interest and Penalties	-	320,109	320,109	-
Other Governments	256,198	12,667	268,865	909,233
Mortgages	1,166,875	-	1,166,875	-
Inventories	-	76,764	76,764	435,552
Prepaid Items	-	5,698	5,698	46,507
Other Assets	-	129,754	129,754	-
Capital Assets Not Depreciated	11,172,082	336,254	11,508,336	16,761,940
Capital Assets (Net of Accumulated Depreciation)	5,688,786	18,612,258	24,301,044	15,199,171
TOTAL ASSETS	38,480,118	44,171,396	82,651,514	34,049,005
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment and Assumptions	1,805,762	2,371,140	4,176,902	649,218
LIABILITIES:				
Accounts Payable	610,839	1,102,452	1,713,291	49,622
Accrued Liabilities	245,008	466,681	711,689	26,059
Advance from Other Governments	-	-	-	317,893
Bonds Payable - Due within one year	500,000	-	500,000	-
Bonds Payable - Due in more than one year	11,200,000	-	11,200,000	-
Net Pension Liability - Due in more than one year	8,173,970	5,286,206	13,460,176	6,873,516
Vested Employee Benefits - Due in more than one year	211,657	443,272	654,929	141,096
Other Post Employment Benefits - Due in more than one year	239,121	-	239,121	324,689
TOTAL LIABILITIES	21,180,595	7,298,611	28,479,206	7,732,875
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	2,830,929	1,753,155	4,584,084	-
Pension Expected versus Actual Experience	-	-	-	172,149
TOTAL DEFERRED INFLOWS OF RESOURCES	2,830,929	1,753,155	4,584,084	172,149
NET POSITION:				
Net Investment in Capital Assets	16,860,868	18,948,512	35,809,380	31,961,111
Restricted	4,676,747	3,872,765	8,549,512	-
Unrestricted (Deficit)	(5,263,259)	14,669,493	9,406,234	(5,167,912)
TOTAL NET POSITION	$ 16,274,356	$ 37,490,770	$ 53,765,126	$ 26,793,199

See accompanying notes to financial statements.

County of Antrim, Michigan

Statement of Activities
For the Year Ended December 31, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
			Operating	Capital	Primary Government			
Functions/Programs	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
Legislative	$ 272,748	$ -	$ -	$ -	$ (272,748)	$ -	$ (272,748)	$ -
Judicial	1,791,113	481,439	292,453	-	(1,017,221)	-	(1,017,221)	-
General Government	4,302,854	614,612	578,529	-	(3,109,713)	-	(3,109,713)	-
Public Safety	5,464,130	712,323	460,972	-	(4,290,835)	-	(4,290,835)	-
Public Works	57,220	-	-	-	(57,220)	-	(57,220)	-
Health & Welfare	2,414,469	193,768	489,240	-	(1,731,461)	-	(1,731,461)	-
Community and Economic Development	96,457	-	-	-	(96,457)	-	(96,457)	-
Recreation and Culture	309,888	201,054	35,024	-	(73,810)	-	(73,810)	-
Other	894,009	-	-	-	(894,009)	-	(894,009)	-
Interest - Unallocated	384,415	-	-	-	(384,415)	-	(384,415)	-
Total Governmental Activities	15,987,303	2,203,196	1,856,218	-	(11,927,889)	-	(11,927,889)	-
Business-type Activities:								
Delinquent Property Tax	323,179	937,427	-	-	-	614,248	614,248	-
Medical Care Facility	18,057,114	16,615,207	-	-	-	(1,441,907)	(1,441,907)	-
Other	1,709,089	530,927	456,216	73,557	-	(648,389)	(648,389)	-
Total Business-type Activities	20,089,382	18,083,561	456,216	73,557	-	(1,476,048)	(1,476,048)	-
Total Primary Government	36,076,685	20,286,757	2,312,434	73,557	(11,927,889)	(1,476,048)	(13,403,937)	-
Component Unit:								
Road Commission	6,112,346	996,121	2,922,324	2,426,492				232,591
Total Component Unit	6,112,346	996,121	2,922,324	2,426,492				232,591
Total	$ 42,189,031	$ 21,282,878	$ 5,234,758	$ 2,500,049				
General Revenues and Transfers:								
Property Taxes - Real					11,177,767	1,739,118	12,916,885	-
Convention Taxes					112,649	-	112,649	-
Investment Earnings and Rents					416,261	60,011	476,272	-
Gain (Loss) on Sale of Capital Assets					-	-	-	45,847
Transfers - Internal Activities					598,180	(598,180)	-	-
Total General Revenues and Transfers					12,304,857	1,200,949	13,505,806	45,847
Changes in Net Position					376,968	(275,099)	101,869	278,438
Net Position - Beginning					15,897,388	37,765,869	53,663,257	26,514,761
Net Position - Ending					$ 16,274,356	$ 37,490,770	$ 53,765,126	$ 26,793,199

See accompanying notes to financial statements.

Balance Sheet
Governmental Funds
December 31, 2016

	General Funds	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Investments	$ 11,587,615	$ 589,492	$ 32,037	$ 849,576	$ 4,814,622	$ 17,873,342
Receivables:						
Taxes	656,273	699,358	-	873,480	-	2,229,111
Accounts	93,403	-	-	-	321	93,724
Mortgages	-	-	1,166,875	-	-	1,166,875
Due from Governmental Units	201,379	16,365	-	-	38,454	256,198
TOTAL ASSETS	$ 12,538,670	$ 1,305,215	$ 1,198,912	$ 1,723,056	$ 4,853,397	$ 21,619,250
LIABILITIES:						
Accounts Payable	$ 524,046	$ 26,600	$ -	$ 29,443	$ 30,750	$ 610,839
Accrued Liabilities	184,662	14,512	-	24,868	20,966	245,008
Unearned Revenue	87,416	-	-	-	-	87,416
TOTAL LIABILITIES	796,124	41,112	-	54,311	51,716	943,263
DEFERRED INFLOWS OF RESOURCES:						
Mortgage Revenue	-	-	1,166,875	-	-	1,166,875
Taxes Levied for a Subsequent Period	-	703,472	-	873,166	-	1,576,638
TOTAL DEFERRED INFLOWS OF RESOURCES	-	703,472	1,166,875	873,166	-	2,743,513
FUND BALANCES:						
Restricted	-	560,631	32,037	795,579	3,288,500	4,676,747
Committed	353,481	-	-	-	256,355	609,836
Assigned	1,194,842	-	-	-	1,256,826	2,451,668
Unassigned	10,194,223	-	-	-	-	10,194,223
TOTAL FUND BALANCES	11,742,546	560,631	32,037	795,579	4,801,681	17,932,474
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 12,538,670	$ 1,305,215	$ 1,198,912	$ 1,723,056	$ 4,853,397	
Reconciliation to amounts reported for governmental activities in the statement of net position:						
Capital assets used by governmental activities						16,860,868
Long term installment notes and bonds payable for governmental activities						(11,700,000)
Vested employee benefits						(211,657)
Net pension liability and deferred outflows						(6,368,208)
Other postemployment benefits liability						(239,121)
Net position of governmental activities						$ 16,274,356

See accompanying notes to financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2016

	General Funds	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes and Penalties	$ 9,612,672	$ 695,587	$ -	$ 869,508	$ -	$ 11,177,767
Licenses and Permits	231,587	-	-	-	530,593	762,180
Federal	52,669	90,398	-	-	58,064	201,131
State	651,334	150,876	-	-	273,083	1,075,293
Local	-	-	-	-	3,500	3,500
Charges for Services	1,124,036	149,922	-	1,000	101,553	1,376,511
Fines and Forfeits	1,650	-	-	-	48,945	50,595
Interest and Rents	271,207	4,759	2,899	3,467	132,866	415,198
Other Revenue	464,777	14,713	61,490	1,034	161,902	703,916
TOTAL REVENUES	12,409,932	1,106,255	64,389	875,009	1,310,506	15,766,091
EXPENDITURES:						
Legislative	272,748	-	-	-	-	272,748
Judicial	1,747,445	-	-	-	11,078	1,758,523
General Government	3,391,241	-	-	-	7,883	3,399,124
Public Safety	3,947,567	-	-	682,419	506,218	5,136,204
Public Works	57,220	-	-	-	-	57,220
Health and Welfare	974,675	903,407	-	-	486,156	2,364,238
Community/Economic Development	96,457	-	-	-	-	96,457
Recreation and Culture	270,074	-	-	-	10,831	280,905
Capital Outlay	229,758	9,571	-	49,952	67,166	356,447
Other	894,009	-	-	-	-	894,009
Debt Service	-	-	-	-	884,415	884,415
TOTAL EXPENDITURES	11,881,194	912,978	-	732,371	1,973,747	15,500,290
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	528,738	193,277	64,389	142,638	(663,241)	265,801
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	1,094,350	2,720	-	-	1,129,540	2,226,610
Operating Transfers Out	(1,051,070)	-	(86,229)	-	(491,131)	(1,628,430)
TOTAL OTHER FINANCING SOURCES (USES)	43,280	2,720	(86,229)	-	638,409	598,180
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	572,018	195,997	(21,840)	142,638	(24,832)	863,981
FUND BALANCES, JANUARY 1	11,170,528	364,634	53,877	652,941	4,826,513	17,068,493
FUND BALANCES, DECEMBER 31	$ 11,742,546	$ 560,631	$ 32,037	$ 795,579	$ 4,801,681	$ 17,932,474

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, 2016

Net changes in fund balances - total governmental funds	$ 863,981
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	356,447
Depreciation Expense	(562,637)
Repayment of debt principal is an expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	
Bond Repayment - MCF Debt	500,000
Vested employee benefits payable do not require the current use of financial resources and are not reported as expenditures in the fund statements.	
Vested Employee Benefits	(11,033)
Other Post Employment Benefits	(26,784)
Pension investment, experience and assumption changes	(743,006)
Changes in net position of governmental activities	$ 376,968

Statement of Net Position
Proprietary Funds
December 31, 2016

	Business-type Activities - Enterprise Funds			
	Major			
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS:				
Cash and Investments	$ 13,382,095	$ 6,012,793	$ 1,038,408	$ 20,433,296
Receivables:				
Accounts	-	1,206,811	91,889	1,298,700
Taxes	-	1,753,155	-	1,753,155
Delinquent Taxes	1,192,741	-	-	1,192,741
Interest and Penalties	320,109	-	-	320,109
Due from Other Governments	-	-	12,667	12,667
Prepaid Items	-	-	5,698	5,698
Inventory	-	-	76,764	76,764
Other Assets	-	129,754	-	129,754
Capital Assets (Not Depreciated)	-	-	336,254	336,254
Capital Assets (Net of Accumulated Depreciation)	-	16,412,027	2,200,231	18,612,258
TOTAL ASSETS	14,894,945	25,514,540	3,761,911	44,171,396
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment and Assumptions	-	2,282,334	88,806	2,371,140
LIABILITIES:				
Accounts Payable	171	974,925	127,356	1,102,452
Accrued Liabilities	534	442,092	24,055	466,681
Vested Employee Benefits - Due in more than one year	-	424,909	18,363	443,272
Net Pension Liability - Due in more than one year	-	4,884,216	401,990	5,286,206
TOTAL LIABILITIES	705	6,726,142	571,764	7,298,611
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	-	1,753,155	-	1,753,155
NET POSITION:				
Net Investment in Capital Assets	-	16,412,027	2,536,485	18,948,512
Restricted	1,379,977	2,492,788	-	3,872,765
Unrestricted	13,514,263	412,762	742,468	14,669,493
TOTAL NET POSITION	$ 14,894,240	$ 19,317,577	$ 3,278,953	$ 37,490,770

See accompanying notes to financial statements.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2016

	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	$ 341,412	$ -	$ -	$ 341,412
Charges for Services	202,447	16,583,898	521,889	17,308,234
Sale of Properties at Tax Auction	393,568	-	-	393,568
Other Income	-	31,309	9,038	40,347
TOTAL REVENUES	937,427	16,615,207	530,927	18,083,561
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	-	12,003,888	848,223	12,852,111
Depreciation	-	1,669,252	399,172	2,068,424
Other Expenses	323,179	4,383,974	461,694	5,168,847
TOTAL EXPENSES	323,179	18,057,114	1,709,089	20,089,382
OPERATING INCOME (LOSS)	614,248	(1,441,907)	(1,178,162)	(2,005,821)
NON-OPERATING REVENUES (EXPENSES):				
Interest Earnings & Gains	41,286	11,377	3,189	55,852
Oil and Gas Royalties	202	-	398	600
Property Taxes - Real	-	1,739,118	-	1,739,118
Other	-	3,559	-	3,559
Federal Grants - Section 5311	-	-	202,130	202,130
State Grants - Section 5311	-	-	327,643	327,643
TOTAL NON-OPERATING REVENUES (EXPENSES)	41,488	1,754,054	533,360	2,328,902
INCOME (LOSS) BEFORE TRANSFERS	655,736	312,147	(644,802)	323,081
Operating Transfers In	-	-	416,243	416,243
Operating Transfers Out	(130,173)	(884,250)	-	(1,014,423)
CHANGES IN NET POSITION	525,563	(572,103)	(228,559)	(275,099)
NET POSITION, JANUARY 1	14,368,677	19,889,680	3,507,512	37,765,869
NET POSITION, DECEMBER 31	$ 14,894,240	$ 19,317,577	$ 3,278,953	$ 37,490,770

See accompanying notes to financial statements.

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	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	$ -	$ 17,591,610	$ 518,012	$ 18,109,622
Cash Received from Sale of Taxes on Auction	393,568	-	-	393,568
Cash Received for Delinquent Taxes	2,801,554	-	-	2,801,554
Cash Payments for Goods and Services	(322,750)	(14,724,948)	(385,474)	(15,433,172)
Cash Received from Penalties and Interest on Delinquent Taxes	610,927	-	-	610,927
Cash Received from Other Sources	-	31,309	-	31,309
Cash Payment to Employees for Services/Fringe Benefits	-	-	(825,249)	(825,249)
Cash Payments for Delinquent Taxes	(2,719,960)	-	-	(2,719,960)
Net Cash Provided (Used) by Operating Activities	763,339	2,897,971	(692,711)	2,968,599
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	(130,173)	-	416,243	286,070
Proceeds from County Tax Levy	-	1,749,871	-	1,749,871
Contributions Received	-	3,559	-	3,559
Operating Grants Received	-	-	454,822	454,822
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(130,173)	1,753,430	871,065	2,494,322
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(183,853)	(88,106)	(271,959)
Transfer to County for Long-Term Debt Payment	-	(884,250)	-	(884,250)
Capital Acquisition Grants - Received in Cash	-	-	73,556	73,556
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(1,068,103)	(14,550)	(1,082,653)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Oil and Gas Royalties	202	-	398	600
Interest Earnings & Gains	41,286	11,377	3,189	55,852
Net Cash Provided (Used) by Investing Activities	41,488	11,377	3,587	56,452
Net Increase (Decrease) in Cash and Equivalents	674,654	3,594,675	167,391	4,436,720
Balances - Beginning of the Year	12,707,441	2,418,118	871,017	15,996,576
Balances - End of the Year	$ 13,382,095	$ 6,012,793	$ 1,038,408	$ 20,433,296
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 614,248	$ (1,441,907)	$ (1,178,162)	$ (2,005,821)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	1,669,252	399,172	2,068,424
Provision for Bad Debt Expense	-	124,688	-	124,688
Amortization of Deferred Outflows	-	380,114	-	380,114
Change in Assets and Liabilities:				
Accounts Receivable	-	668,401	(3,877)	664,524
Delinquent Taxes Receivable	81,594	-	-	81,594
Interest and Penalties Receivable	67,068	-	-	67,068
Prepaid Items	-	-	(2,926)	(2,926)
Inventories	-	-	(20,372)	(20,372)
Other Assets	-	3,382	-	3,382
Accounts Payable	171	412,516	90,130	502,817
Accrued Liabilities	258	1,119,945	23,324	1,143,527
Deferred Outflows	-	(1,868,513)	-	(1,868,513)
Net Pension Liability	-	1,830,093	-	1,830,093
Net Cash Provided (Used) by Operating Activities	$ 763,339	$ 2,897,971	$ (692,711)	$ 2,968,599

See accompanying notes to financial statements.

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2016

	Agency Funds
ASSETS:	
Cash and Investments	$ 656,640
TOTAL ASSETS	$ 656,640
LIABILITIES:	
Due to Governmental Units	$ 200,574
Undistributed Tax Collections	440,785
Other Liabilities	15,281
TOTAL LIABILITIES	$ 656,640

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 2016, 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 Authority is a Michigan agency of Antrim, Charlevoix, Emmet and Otsego Counties created, 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 2015 and summer 2016 ad valorem taxes were levied and collectible on December 1, 2015 and July 1, 2016, 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 2015 and summer 2016 tax levies have been recognized as revenue in the current fiscal year. The 2015 taxable value of Antrim County amounted to $1,714,556,263 on which ad valorem taxes were levied for the Medical Care and Services of the Aged were levied.

The 2016 taxable value amounted to $1,752,306,613 on which 5.40 mills for summer 2016 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.

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, 2016. 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 is 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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

Cash, Equivalents and Investments – 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.

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."

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The General Fund 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 Unit
Cash and Investments –					
Unrestricted	$ 17,772,169	$ 19,455,520	$ 37,227,689	$ 656,640	$ 677,545
Restricted	101,173	977,776	1,078,949	-	-
Total	$ 17,873,342	$ 20,433,296	$ 38,306,638	$ 656,640	$ 677,545

Cash is restricted for Medical Care Facility debt service requirements.

	Primary Government	Fiduciary Funds	Component Unit
Investments	$ 9,579,900	$ -	$ -
Bank Deposits (checking and savings accounts, certificates of deposit)	28,723,328	656,640	677,345
Petty Cash and Cash on Hand	3,410	-	200
Total	$ 38,306,638	$ 656,640	$ 677,545

	Fair Value	Less Than 1	1 – 5	Ratings	%
Investments:					
Money Markets	$ 6,813,106	$ 6,813,106	$ -	P-1	71%
Mutual Funds	10,068	10,068	-	A1	-%
Municipal Bonds	255,107	-	255,107	AA1	3%
Certificates	991,470	494,678	496,792	N/A	10%
Govt. Securities	499,558	-	499,558	AAA	5%
Commercial Paper	1,010,591	-	1,010,591	A1	11%
Total Investments	$ 9,579,900	$ 7,317,852	$ 2,262,048		100%

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Fair value measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

The County has the following fair value measurements as of December 31, 2016:

Investment	Balances at 12/31/2016	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities:				
Bonds	$ 255,107	$ -	$ 255,107	$ -
Commercial Paper	1,010,591	-	1,010,591	-
U.S. Agency	499,558	-	499,558	-
Certificates	991,470	-	991,470	-
Equity Securities:				
Mutual Funds	10,068	10,068	-	-
Money Markets	6,813,106	-	6,813,106	-
Total Investments	$ 9,579,900	$ 10,068	$ 9,569,832	$ -

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of debt securities as December 31, 2016 was determined primarily based on Level 2 inputs. The County's estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The County holds shares in money markets where the fair value of the investments are measured on a recurring basis using the net asset value per share of the investment pool as a practical expedient.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for custodial deposit credit risk. As of year end, $26,746,552 of the County's bank balance of $29,461,679 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 $9,579,900 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.

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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	9,295,611	-	-	9,295,611
Land Improvements	1,781,511	32,761	-	1,814,272
Machinery and Equipment	5,103,518	323,686	-	5,427,204
Subtotal	16,180,640	356,447	-	16,537,087
Less accumulated depreciation for:				
Buildings	(4,657,779)	(167,795)	-	(4,825,574)
Land Improvements	(1,719,310)	(11,507)	-	(1,730,817)
Machinery and Equipment	(3,908,575)	(383,335)	-	(4,291,910)
Subtotal	(10,285,664)	(562,637)	-	(10,848,301)
Net Capital Assets Being Depreciated	5,894,976	(206,190)	-	5,688,786
Capital Assets - Net of Depreciation	$ 17,067,058	$ (206,190)	$ -	$ 16,860,868

NOTE 4 - CAPITAL ASSETS (Continued)

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

Judicial	$ 29,681
General Government	159,152
Public Safety	295,867
Health and Welfare	48,954
Recreation and Culture	28,983
Total Depreciation	$ 562,637

	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	-	12,082	336,254
Capital assets being depreciated:				
Land Improvements	1,376,227	7,490	-	1,383,717
Buildings	23,947,920	117,492	-	24,065,412
Furniture, Fixtures, and Equipment	5,032,944	64,282	-	5,097,226
Vehicles	1,651,093	94,776	(27,000)	1,718,869
Subtotal	32,008,184	284,040	(27,000)	32,265,224
Less accumulated depreciation for:				
Land Improvements	(285,241)	(71,937)	-	(357,178)
Building	(6,376,116)	(1,530,630)	-	(7,906,746)
Furniture, Fixtures, and Equipment	(3,789,922)	(261,967)	-	(4,051,889)
Vehicles	(1,160,263)	(203,890)	27,000	(1,337,153)
Subtotal	(11,611,542)	(2,068,424)	27,000	(13,652,966)
Net Capital Assets Being Depreciated	20,396,642	(1,784,384)	-	18,612,258
Capital Assets - Net of Depreciation	$ 20,744,978	$ (1,784,384)	$ (12,082)	$ 18,948,512

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

Medical Care Facility	$ 1,669,252
Airport	181,187
Hydro Electric	3,847
Transportation	214,138
Total Depreciation	$ 2,068,424

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	$ 10,000	$ -	$ 129,860
Infrastructure and Land Improvements	16,071,798	560,282	-	16,632,080
Subtotal	16,191,658	570,282	-	16,761,940
Capital Assets (Depreciable)				
Buildings	2,482,739	-	-	2,482,739
Equipment - Road	7,515,425	706,878	423,640	7,798,663
Equipment - Shop	205,204	56,208	-	261,412
Equipment - Office	94,289	35,187	-	129,476
Equipment - Engineering	59,015	-	-	59,015
Equipment – Yard and Storage	977,539	39,760	-	1,017,299
Infrastructure - Bridges	1,260,447	-	-	1,260,447
Infrastructure – Roads	22,476,351	1,866,210	1,642,259	22,700,302
Subtotal	35,071,009	2,704,243	2,065,899	35,709,353
Less Accumulated Depreciation				
Buildings	1,214,756	55,430	-	1,270,186
Equipment - Road	5,716,878	643,711	423,487	5,937,102
Equipment - Shop	171,767	9,153	-	180,920
Equipment - Office	82,219	8,848	-	91,067
Equipment - Engineering	52,363	1,559	-	53,922
Equipment – Yard and Storage	932,307	5,630	-	937,937
Infrastructure - Bridges	692,648	38,920	-	731,568
Infrastructure – Roads	11,777,518	1,172,221	1,642,259	11,307,480
Subtotal	20,640,456	1,935,472	2,065,746	20,510,182
Net Capital Assets - Depreciated	14,430,553	768,771	153	15,199,171
Total Net Capital Assets	$ 30,622,211	$ 1,339,053	$ 153	$ 31,961,111

Depreciation expense was charged to the following programs:

Public Works:	
Primary Road	$ 555,965
Local Road	655,176
Equipment	643,711
Administrative	10,407
Allocated	70,213
Total Depreciation Expense	$ 1,935,472

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	Housing Project Income	Nonmajor Governmental	Medical Care Facility	100% Tax Payment	Total
General	$ 473,438	$ -	$ 490,739	$ -	$ 130,173	$ 1,094,350
Services for Aged	2,720	-	-	-	-	2,720
Nonmajor Governmental	158,669	86,229	392	884,250	-	1,129,540
Nonmajor Enterprise	416,243	-	-	-	-	416,243
Total	$ 1,051,070	$ 86,229	$ 491,131	$ 884,250	$ 130,173	$ 2,642,853

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:					
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%	$ 12,200,000	$ -	$ 500,000	$ 11,700,000	$ 500,000
Vested Employee Benefits:					
Governmental Activities *	200,624	11,033	-	211,657	-
Business-type Activities *	411,822	31,450	-	443,272	-
Total Long-Term Debt	$ 12,812,446	$ 42,483	$ 500,000	$ 12,354,929	$ 500,000

*Amounts shown as net increase.

NOTE 6 - LONG-TERM DEBT (Continued)

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

Year End December 31	Governmental Activities Principal	Interest
2017	$ 500,000	$ 369,125
2018	550,000	353,375
2019	550,000	336,875
2020	600,000	319,625
2021	600,000	301,625
2022-2026	3,900,000	1,191,875
2027-2030	5,000,000	364,563
Total	$ 11,700,000	$ 3,237,063

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	$ 150,729	$ (9,633)	$ 141,096
Other Post Employment Benefits	304,003	20,686	324,689
Total	$ 454,732	$ 11,053	$ 465,785

Vested employee benefits are for accumulated personal, sick and vacation days. At December 31, 2016 the total accumulated liability was $141,096.

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, 2015.

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: Closed	
	2015 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	
	2015 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	
	2015 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

20 – Sheriff Dept: Closed to new hires, linked to Division HA	
	2015 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	
	2015 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)

HB – General after 01/01/15: Open Division, linked to Division 01	
	2015 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	102
Inactive employees entitled to but not yet receiving benefits	29
Active employees	133
	264

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 or annual dollar amount at December 31, 2016 is as follows:

01 - General	16.13%
10 - General Dial a Ride	$36,744
20 – Sheriff Department	$298,296
HB – Sheriff & General Dial a Ride	4.97%

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%, net of interest and administrative expense including inflation.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the RP-2014 Disabled Retiree Table is used 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 of 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, 2015	$ 24,452,741	$ 17,157,372	$ 7,295,369
Service cost	440,524	-	440,524
Interest on total pension liability	1,989,010	-	1,989,010
Changes in benefits	-	-	-
Difference between expected and actual experience	375,478	-	375,478
Changes in assumptions	1,253,533	-	1,253,533
Employer contributions	-	809,507	(809,507)
Employee contributions	-	-	-
Net investment income	-	1,949,798	(1,949,798)
Benefit payments, including employee refunds	(1,127,570)	(1,127,570)	-
Administrative expense	-	(38,484)	38,484
Other changes	(57,133)	-	(57,133)
Net changes	2,873,842	1,593,251	1,280,591
Balances as of December 31, 2016	$ 27,326,583	$ 18,750,623	$ 8,575,960

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 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	**Current Discount Rate (8.00%)**	**1% Increase (9.00%)**
County's net pension liability	$11,678,821	$8,575,960	$5,933,355

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, 2016, the County recognized pension expense of $1,569,634. At December 31, 2016, 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	$ 300,382	$ -
Changes in assumptions	1,002,826	-
Net difference between projected and actual earnings on pension plan investments	591,360	-
Total	$ 1,894,568	$ -

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:	
2017	$ 559,524
2018	559,524
2019	559,524
2020	215,996

Annual Pension Cost

During the calendar year ended December 31, 2016, the County's contributions totaled $809,507 and the employee contributions totaled $64,804; these contributions are made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2014, 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 24 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, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	82
Inactive employees entitled to but not yet receiving benefits	35
Active employees	192
	309

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, 2016, the active employee contribution rate was 2.0 of annual payroll and the Facility's average contribution rate was 7.8 percent of annual payroll.

Payable to the Pension Plan

At December 31, 2015, the Facility reported a payable of $76,062 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, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 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:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	$ 14,156,832	$ 11,102,709	$ 3,054,123
Service cost	529,641	-	529,641
Interest on total pension liability	1,161,614	-	1,161,614
Differences between expected and actual experience	36,936	-	36,936
Changes in assumptions	696,250	-	696,250
Employer contributions	-	618,217	(618,217)
Employee contributions	-	170,988	(170,988)
Net investment income	-	(170,276)	170,276
Benefit payments, including employee refunds	(682,957)	(682,957)	-
Administrative expense	-	(24,581)	24,581
Net changes	1,741,484	(88,609)	1,830,093
Balances as of December 31, 2015	$ 15,898,316	$ 11,014,100	$ 4,884,216

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2016, the Facility recognized pension expense of $1,021,368. At December 31, 2016, 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	$ 30,780	$ -
Changes in assumptions	580,208	-
Net difference between projected and actual earnings on pension plan investments	991,671	-
Contributions subsequent to the measurement date	679,675	-
Total	$ 2,282,334	$ -

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 $679,675, which will impact the net pension asset in fiscal year 2017, rather than pension expense.

Year Ended December 31:	
2017	$ 380,113
2018	380,113
2019	380,113
2020	340,121
2021	122,199

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent in the long-term
Salary increases	2 percent
Investment rate of return	8.00 percent – Net of pension plan investment expense, including inflation.

Mortality rates were based on the RP-2014 Healthy Annuitant 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.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study from January 1, 2009 through December 31, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 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, 2015, 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 8.00 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 (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	**Current Discount Rate (8.00%)**	**1% Increase (9.00%)**
MCF’s net pension liability	$6,937,466	$4,884,216	$3,162,151

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, 2015.

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	
	2015 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	
	2015 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, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Inactive employees entitled to but not yet receiving benefits	1
Active employees	34
	76

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 33.58% and 42.62% of payroll for union and nonunion employees, respectively.

Net Pension Liability

The Road Commission'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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75% net of interest and administrative expense including inflation

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the RP-2014 Disabled Retiree Table is used 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 of 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, 2015	$ 12,606,272	$ 5,893,957	$ 6,712,315
Service cost	152,349	-	152,349
Interest on total pension liability	1,011,984	-	1,011,984
Changes in benefits	-	-	-
Difference between expected and actual experience	(229,531)	-	(229,531)
Changes in assumptions	589,653	-	589,653
Employer contributions	-	688,212	(688,212)
Employee contributions	-	-	-
Net investment income	-	663,785	(663,785)
Benefit payments, including employee refunds	(831,957)	(831,957)	-
Administrative expense	-	(13,118)	13,118
Other changes	(24,375)	-	(24,375)
Net changes	668,123	506,922	161,201
Balances as of December 31, 2016	$ 13,274,395	$ 6,400,879	$ 6,873,516

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 8.00% 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	**Current Discount Rate (8.00%)**	**1% Increase (9.00%)**
Road Commission’s net pension liability as of 12/31/2016:	$8,248,639	$6,873,516	$5,695,555

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, 2016, the Road Commission recognized pension expense of $844,584. At December 31, 2016, 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	$ -	$ 172,149
Changes in assumptions	442,240	-
Net difference between projected and actual earnings on pension plan investments	206,978	-
Total	$ 649,218	$ 172,149

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:	
2017	$ 171,290
2018	171,290
2019	171,290
2020	(36,801)

Annual Pension Costs – For the year ended December 31, 2016, the Antrim County Road Commission’s pension cost of $518,232 for the plan was equal to the required contribution. The annual contribution was determined as part of an actuarial valuation as of December 31, 2014, 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 24 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

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:

Annual Cost for OPEB	
Annual Required Contribution	$ 37,984
Annual OPEB Cost	37,984
Contributions Made – Current Year	(11,200)
Increase in Net OPEB Obligation	26,784
Net OPEB Obligation Beginning of Year	212,337
Net OPEB Obligation End of Year	$ 239,121

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2014, 2054 and 2065 are as follows:

Fiscal Year End	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	$ 37,984	25.8%	$ 184,353
2015	$ 37,984	26.3%	$ 212,337
2016	$ 37,984	29.5%	$ 239,121

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 2016 the County contributed $11,200 to the Plan.

As of December 31, 2013, 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:

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.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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	10,032
Annual pension cost	111,683
Contributions made	(90,997)
Increase in net OPEB obligation	20,686
Net OPEB obligation beginning of year	304,003
Net OPEB obligation end of year	$ 324,689

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 $78,379. This benefit is not available for anyone hired after July 1, 2014.

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
2014	$ 101,651	77%	$ 309,367
2015	$ 111,860	105%	$ 304,003
2016	$ 111,683	82%	$ 324,689

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: As of December 31, 2016, the actuarial accrued liability for benefits was not funded. The covered payroll (annual payroll of active employees covered by the plan) was $1,413,134.

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.

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

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, 2016, there were no claims that exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

Antrim County Transportation

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

Meadow Brook Medical Care Facility

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

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

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

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 - SUBSEQUENT EVENTS

In April 2017, the County Board executed a purchase for real estate in the amount of approximately $500,000 for future expansion.

During January 2017, the Road Commission executed equipment purchases in the amount of $240,000.

Required Supplementary Information

Employee Retirement System
Schedule of Funding Progress
For the Year Ended December 31, 2016

	2015	2016
Total pension liability		
Service cost	$ 463,968	$ 440,524
Interest on total pension liability	1,889,077	1,989,010
Difference between expected and actual experience	-	375,478
Changes in assumptions	-	1,253,533
Benefit payments, including refund of member contributions	(1,083,414)	(1,127,570)
Other changes	(24,519)	(57,133)
Net change in total pension liability	1,245,112	2,873,842
Total pension liability - beginning	23,207,629	24,452,741
Total pension liability - ending	$ 24,452,741	$ 27,326,583
Plan fiduciary net position		
Contributions - employer	$ 772,906	$ 809,507
Contributions - employee	60,158	-
Net investment income	(268,099)	1,949,798
Benefit payments, including refunds of member contributions	(1,083,414)	(1,127,570)
Administrative expense	(38,860)	(38,484)
Net change in plan fiduciary net position	(557,309)	1,593,251
Plan fiduciary net position - beginning	17,714,681	17,157,372
Plan fiduciary net position - ending	$ 17,157,372	$ 18,750,623
County's net pension liability - ending	$ 7,295,369	$ 8,575,960
Plan fiduciary net position as a percentage of the total pension liability	70%	69%
Covered - employee payroll	$ 5,107,757	$ 5,122,267
County's net pension liability as a percentage of covered-employee payroll	143%	167%

Employee Retirement System
Schedule of Funding Progress
For the Year Ended December 31, 2016

	2015	2016
Actuarially determined contribution	$ 772,906	$ 809,507
Contributions in relation to the actuarially determined contribution	(772,906)	(809,507)
Contribution deficiency (excess)	$ -	$ -
Covered - employee payroll	$ 5,107,757	$ 5,122,267
Contributions as a percentage of covered-employee payroll	15%	16%

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	23 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%, net of interest and administrative expense including inflation
Retirement age	In the 2015 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the RP2004 Mortality Table - Blended 50% Male / 50% Female

Employee Retirement and Benefit Systems
Schedule of Funding Progress
December 31, 2016

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%

Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes and Penalties	$ 9,513,522	$ 9,513,522	$ 9,612,672	$ 99,150
Licenses and Permits	179,300	230,103	231,587	1,484
Federal Sources	61,529	61,529	52,669	(8,860)
State Sources	655,765	640,586	651,334	10,748
Charges for Services	1,043,385	1,098,953	1,124,036	25,083
Fines and Forfeits	2,000	2,000	1,650	(350)
Interest and Rents	264,264	264,950	271,207	6,257
Other Revenues	262,147	269,847	464,777	194,930
TOTAL REVENUES	11,981,912	12,081,490	12,409,932	328,442
EXPENDITURES:				
Legislative:				
Board of Commissioners	286,043	298,922	272,748	26,174
Total Legislative	286,043	298,922	272,748	26,174
Judicial:				
Circuit Court	395,146	395,146	341,155	53,991
Family Court	522,681	528,912	451,885	77,027
Family Court Detention Service	12,000	12,298	12,298	-
Circuit Court Probation	3,000	3,000	2,022	978
District Court	686,981	676,929	563,986	112,943
Friend of the Court	89,434	89,434	71,420	18,014
Probate Court	306,445	311,151	302,090	9,061
Jury Commission	3,238	3,254	2,589	665
Total Judicial	2,018,925	2,020,124	1,747,445	272,679
General Government:				
County Administrator	256,154	262,767	262,306	461
Accountant	71,244	82,309	75,079	7,230
Budget	93,600	93,600	83,778	9,822
Clerk	360,061	375,486	371,425	4,061
Communications Department	104,770	104,770	81,427	23,343
Computer	198,577	204,681	177,891	26,790
Grass River	44,600	53,101	47,005	6,096
GIS Implementation	-	14,559	1,714	12,845
Purchasing	30,230	30,230	15,725	14,505
Treasurer	255,902	263,899	248,357	15,542
Equalization	269,500	293,293	266,743	26,550
MSU Extension	161,611	165,813	165,147	666
Elections	100,811	100,811	65,272	35,539
Grove Street Anex	13,200	13,200	12,323	877
Courthouse	109,716	109,901	108,038	1,863
County Building and Grounds	499,634	517,510	465,254	52,256
Prosecuting Attorney	541,321	552,708	516,053	36,655
Register of Deeds	196,450	216,150	192,534	23,616
Microfilm	9,750	9,750	6,080	3,670
Victims' Rights	46,101	50,618	21,397	29,221
Prosecuting Attorney Child Support IVD	26,276	26,627	19,651	6,976
Drain Commissioner	584	594	583	11
Abstract	152,717	158,025	157,047	978
Survey and Remonumentation	46,600	31,350	30,412	938
Total General Government	3,589,409	3,731,752	3,391,241	340,511

Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Public Safety:				
Sheriff	3,235,211	3,301,422	3,111,906	189,516
Marine Safety	123,690	125,917	95,561	30,356
Secondary Road Patrol	50,210	53,023	47,468	5,555
Jail	417,644	422,269	370,814	51,455
Zero Tolerance	71,650	72,450	74,289	(1,839)
Emergency Services	70,663	74,335	67,550	6,785
Animal Control	190,307	191,061	179,979	11,082
Total Public Safety	4,159,375	4,240,477	3,947,567	292,910
Public Works:				
Dams	59,891	61,161	57,220	3,941
Health and Welfare:				
Health Department/Mental Health	557,329	557,329	489,578	67,751
Medical Examiner	23,850	23,850	22,776	1,074
Agency on Aging	7,832	7,832	6,620	1,212
Welfare	20,587	20,587	20,323	264
Housing	2,750	2,750	2,177	573
Veterans' Affairs	85,917	91,567	89,658	1,909
County Wide Recycle	344,930	338,400	318,867	19,533
Soldiers Relief	36,000	36,310	24,676	11,634
Total Health and Welfare	1,079,195	1,078,625	974,675	103,950
Community and Economic Development:				
Resource Recovery	21,484	22,789	21,798	991
Planning Commission	6,015	6,015	4,468	1,547
Planner/Coordinator	66,984	69,294	64,926	4,368
Brownfield Redevelopment	-	2,577	2,241	336
EDC	4,310	4,310	3,024	1,286
Total Community and Economic Development	98,793	104,985	96,457	8,528
Recreation and Culture:				
Parks Commission	1,978	1,978	3	1,975
Parks	246,027	272,249	257,585	14,664
Parks - Antrim Creek	16,227	16,376	12,486	3,890
Total Recreation and Culture	264,232	290,603	270,074	20,529
Capital Outlay	198,698	363,673	229,758	133,915
Other:				
Appropriations	260,230	510,230	510,230	-
Other	365,805	172,189	3,755	168,434
Insurance and Fringes	388,000	391,300	380,024	11,276
Total Other	1,014,035	1,073,719	894,009	179,710
TOTAL EXPENDITURES	12,768,596	13,264,041	11,881,194	1,382,847

Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget - Positive
	Original	Final	Actual Amounts	(Negative)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(786,684)	(1,182,551)	528,738	1,711,289
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	911,569	1,134,801	1,094,350	(40,451)
Operating Transfers Out	(988,914)	(1,051,070)	(1,051,070)	-
TOTAL OTHER FINANCING SOURCES (USES):	(77,345)	83,731	43,280	(40,451)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (864,029)	$ (1,098,820)	572,018	$ (1,670,838)
FUND BALANCES, JANUARY 1			11,170,528	
FUND BALANCES, DECEMBER 31			$ 11,742,546	

Required Supplementary Information
Budgetary Comparison Schedule
Services for Aged
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	$ 696,502	$ 696,502	$ 695,587	$ (915)
Federal Sources	76,325	76,325	90,398	14,073
State Sources	160,175	167,501	150,876	(16,625)
Charges for Services	155,500	172,878	149,922	(22,956)
Interest and Rents	2,450	2,450	4,759	2,309
Other Revenue	8,705	14,000	14,713	713
TOTAL REVENUES	1,099,657	1,129,656	1,106,255	(23,401)
EXPENDITURES:				
Health and Welfare	1,138,752	1,167,899	903,407	264,492
Capital Outlay	3,500	12,020	9,571	2,449
TOTAL EXPENDITURES	1,142,252	1,179,919	912,978	266,941
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	(42,595)	(50,263)	193,277	243,540
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	2,720	2,720	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (42,595)	$ (47,543)	195,997	$ 243,540
FUND BALANCE - BEGINNING OF YEAR			364,634	
FUND BALANCE - END OF YEAR			$ 560,631	

Required Supplementary Information
Budgetary Comparison Schedule
Housing Project Income
For the Year Ended December 31, 2016

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:				
Interest and Rents	$ 3,610	$ 3,610	$ 2,899	$ (711)
Other Revenue	25,000	60,118	61,490	1,372
TOTAL REVENUES	28,610	63,728	64,389	661
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(60,000)	(86,229)	(86,229)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	$ (31,390)	$ (22,501)	(21,840)	$ 661
FUND BALANCE - BEGINNING OF YEAR			53,877	
FUND BALANCE - END OF YEAR			$ 32,037	

Required Supplementary Information
Budgetary Comparison Schedule
E-911 Operating
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	$ 878,172	$ 878,172	$ 869,508	$ (8,664)
Charges for Services	1,000	1,000	1,000	-
Interest and Rents	1,200	1,200	3,467	2,267
Other Revenue	22	22	1,034	1,012
TOTAL REVENUES	880,394	880,394	875,009	(5,385)
EXPENDITURES				
Public Safety	827,732	852,267	682,419	169,848
Capital Outlay	-	89,253	49,952	39,301
TOTAL EXPENDITURES	827,732	941,520	732,371	209,149
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	$ 52,662	$ (61,126)	142,638	$ 203,764
FUND BALANCE - BEGINNING OF YEAR			652,941	
FUND BALANCE - END OF YEAR			$ 795,579	

Other Information

Combining Balance Sheet
General Funds
December 31, 2016

	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	$ 9,089,347	$ 107,575	$ 573,361	$ 87,920	$ 54,150	$ 262,545	$ 64,471	$ 16,128
Receivables:								
Taxes	656,273	-	-	-	-	-	-	-
Accounts	93,403	-	-	-	-	-	-	-
Due From Other Governmental Units	201,379	-	-	-	-	-	-	-
TOTAL ASSETS	$ 10,040,402	$ 107,575	$ 573,361	$ 87,920	$ 54,150	$ 262,545	$ 64,471	$ 16,128
LIABILITIES:								
Accounts Payable	$ 484,984	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,382
Accrued Liabilities	184,662	-	-	-	-	-	-	-
Unearned Revenue	87,416	-	-	-	-	-	-	-
TOTAL LIABILITIES	757,062	-	-	-	-	-	-	2,382
FUND BALANCES:								
Committed	-	-	-	-	-	-	-	13,746
Assigned	-	107,575	573,361	87,920	54,150	262,545	64,471	-
Unassigned	9,283,340	-	-	-	-	-	-	-
TOTAL FUND BALANCES	9,283,340	107,575	573,361	87,920	54,150	262,545	64,471	13,746
TOTAL LIABILITIES AND FUND BALANCES	$ 10,040,402	$ 107,575	$ 573,361	$ 87,920	$ 54,150	$ 262,545	$ 64,471	$ 16,128

Combining Balance Sheet
General Funds
December 31, 2016

	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	$ 98,164	$ 7,333	$ 25,423	$ 615,414	$ 7,801	$ 19,397	$ 280,335	$ 278,251	$ 11,587,615
Receivables:									
Taxes	-	-	-	-	-	-	-	-	656,273
Accounts	-	-	-	-	-	-	-	-	93,403
Due From Other Governmental Units	-	-	-	-	-	-	-	-	201,379
TOTAL ASSETS	$ 98,164	$ 7,333	$ 25,423	$ 615,414	$ 7,801	$ 19,397	$ 280,335	$ 278,251	$ 12,538,670
LIABILITIES:									
Accounts Payable	$ 36,680	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 524,046
Accrued Liabilities	-	-	-	-	-	-	-	-	184,662
Unearned Revenues	-	-	-	-	-	-	-	-	87,416
TOTAL LIABILITIES	36,680	-	-	-	-	-	-	-	796,124
FUND BALANCES:									
Committed	61,484	-	-	-	-	-	-	278,251	353,481
Assigned	-	-	25,423	-	-	19,397	-	-	1,194,842
Unassigned	-	7,333	-	615,414	7,801	-	280,335	-	10,194,223
TOTAL FUND BALANCES	61,484	7,333	25,423	615,414	7,801	19,397	280,335	278,251	11,742,546
TOTAL LIABILITIES AND FUND BALANCES	$ 98,164	$ 7,333	$ 25,423	$ 615,414	$ 7,801	$ 19,397	$ 280,335	$ 278,251	$ 12,538,670

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2016

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Information Technology Transition	Grass River
REVENUES:								
Taxes	$ 9,612,672	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	231,587	-	-	-	-	-	-	-
Federal Sources	52,669	-	-	-	-	-	-	-
State Sources	651,334	-	-	-	-	-	-	-
Charges for Services	1,123,203	-	-	-	-	-	-	-
Fines and Forfeitures	1,650	-	-	-	-	-	-	-
Interest and Rents	263,441	325	1,733	266	162	794	195	52
Other Revenue	446,333	19	99	15	9	45	11	2,508
TOTAL REVENUES	12,382,889	344	1,832	281	171	839	206	2,560
EXPENDITURES:								
Legislative	272,748	-	-	-	-	-	-	-
Judicial	1,747,445	-	-	-	-	-	-	-
General Government	3,342,522	-	-	-	-	-	-	47,005
Public Safety	3,947,567	-	-	-	-	-	-	-
Public Works	57,220	-	-	-	-	-	-	-
Health and Welfare	631,132	-	-	-	-	-	-	-
Community/Economic Development	96,457	-	-	-	-	-	-	-
Recreation and Cultural	266,718	-	-	-	-	-	-	-
Other	894,009	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	223,299	-	-	-	-	-	-	-
TOTAL EXPENDITURES	11,479,117	-	-	-	-	-	-	47,005
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	903,772	344	1,832	281	171	839	206	(44,445)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	673,520	-	-	-	-	-	-	40,150
Operating Transfers Out	(998,854)	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(325,334)	-	-	-	-	-	-	40,150
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	578,438	344	1,832	281	171	839	206	(4,295)
FUND BALANCES - BEGINNING OF YEAR	8,704,902	107,231	571,529	87,639	53,979	261,706	64,265	18,041
FUND BALANCES - END OF YEAR	$ 9,283,340	$ 107,575	$ 573,361	$ 87,920	$ 54,150	$ 262,545	$ 64,471	$ 13,746

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2016

	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,612,672
Licenses and Permits	-	-	-	-	-	-	-	-	231,587
Federal Sources	-	-	-	-	-	-	-	-	52,669
State Sources	-	-	-	-	-	-	-	-	651,334
Charges for Services	-	-	833	-	-	-	-	-	1,124,036
Fines and Forfeitures	-	-	-	-	-	-	-	-	1,650
Interest and Rents	450	28	79	1,989	24	-	848	821	271,207
Other Revenue	10	1,648	5	116	1	-	48	13,910	464,777
TOTAL REVENUES	460	1,676	917	2,105	25	-	896	14,731	12,409,932
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	272,748
Judicial	-	-	-	-	-	-	-	-	1,747,445
General Government	-	-	1,714	-	-	-	-	-	3,391,241
Public Safety	-	-	-	-	-	-	-	-	3,947,567
Public Works	-	-	-	-	-	-	-	-	57,220
Health and Welfare	318,867	-	-	-	-	24,676	-	-	974,675
Community/Economic Development	-	-	-	-	-	-	-	-	96,457
Recreation and Cultural	-	3,356	-	-	-	-	-	-	270,074
Other	-	-	-	-	-	-	-	-	894,009
Debt Service	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	6,459	229,758
TOTAL EXPENDITURES	318,867	3,356	1,714	-	-	24,676	-	6,459	11,881,194
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(318,407)	(1,680)	(797)	2,105	25	(24,676)	896	8,272	528,738
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	344,680	-	-	-	-	36,000	-	-	1,094,350
Operating Transfers Out	-	-	-	(52,216)	-	-	-	-	(1,051,070)
TOTAL OTHER FINANCING SOURCES (USES)	344,680	-	-	(52,216)	-	36,000	-	-	43,280
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	26,273	(1,680)	(797)	(50,111)	25	11,324	896	8,272	572,018
FUND BALANCES - BEGINNING OF YEAR	35,211	9,013	26,220	665,525	7,776	8,073	279,439	269,979	11,170,528
FUND BALANCES - END OF YEAR	$ 61,484	$ 7,333	$ 25,423	$ 615,414	$ 7,801	$ 19,397	$ 280,335	$ 278,251	$ 11,742,546

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds							
	Revenue Sharing Reserve	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Medical Marihuana	Forestry
ASSETS:								
Cash and Investments	$ 1,445,140	$ 8,477	$ 542,362	$ 445	$ -	$ 123,891	$ -	$ 287,068
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 1,445,140	$ 8,477	$ 542,362	$ 445	$ -	$ 123,891	$ -	$ 287,068
LIABILITIES:								
Accounts Payable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accrued Liabilities	-	-	-	-	-	-	-	3,000
TOTAL LIABILITIES	-	-	-	-	-	-	-	3,000
FUND BALANCE:								
Restricted	1,445,140	8,477	-	445	-	123,891	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	542,362	-	-	-	-	284,068
TOTAL FUND BALANCES	1,445,140	8,477	542,362	445	-	123,891	-	284,068
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,445,140	$ 8,477	$ 542,362	$ 445	$ -	$ 123,891	$ -	$ 287,068

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds							
	Petoskey Stone Festival	Antrim Creek	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training
ASSETS:								
Cash and Equivalents	$ 5,688	$ 92,621	$ 8,708	$ 536,165	$ 6,924	$ 4,821	$ 56,512	$ 19,408
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 5,688	$ 92,621	$ 8,708	$ 536,165	$ 6,924	$ 4,821	$ 56,512	$ 19,408
LIABILITIES:								
Accounts Payable	$ -	$ 150	$ -	$ 3,317	$ -	$ -	$ 2,414	$ -
Accrued Liabilities	-	-	-	9,916	-	-	-	-
TOTAL LIABILITIES	-	150	-	13,233	-	-	2,414	-
FUND BALANCE:								
Restricted	-	-	-	522,932	-	-	54,098	19,408
Committed	-	92,471	8,708	-	6,924	-	-	-
Assigned	5,688	-	-	-	-	4,821	-	-
TOTAL FUND BALANCES	5,688	92,471	8,708	522,932	6,924	4,821	54,098	19,408
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 5,688	$ 92,621	$ 8,708	$ 536,165	$ 6,924	$ 4,821	$ 56,512	$ 19,408

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds							
	E-911 Wireless	Concealed Pistol Licensing	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement
ASSETS:								
Cash and Equivalents	$ 589,205	$ 17,729	$ 37,129	$ 27,154	$ 201	$ 24,063	$ 23,355	$ 13,400
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	36,446	-	-	-	-	-	-	-
TOTAL ASSETS	$ 625,651	$ 17,729	$ 37,129	$ 27,154	$ 201	$ 24,063	$ 23,355	$ 13,400
LIABILITIES:								
Accounts Payable	$ -	$ 277	$ 992	$ 1,719	$ -	$ -	$ 479	$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	277	992	1,719	-	-	479	-
FUND BALANCE:								
Restricted	625,651	17,452	36,137	-	201	24,063	22,876	-
Committed	-	-	-	25,435	-	-	-	13,400
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	625,651	17,452	36,137	25,435	201	24,063	22,876	13,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 625,651	$ 17,729	$ 37,129	$ 27,154	$ 201	$ 24,063	$ 23,355	$ 13,400

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Funds							
	Snowmobile Grant	AC Breast Cancer	Probate Grant	Antrim Housing Grant	Housing CDBG Grant	Emergency Services LEPC Grant	Child Care	Veteran's Trust
ASSETS:								
Cash and Equivalents	$ 59,099	$ -	$ 3,292	$ 8,573	$ 3,007	$ 6,506	$ 427,749	$ 828
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	2,008	-
TOTAL ASSETS	$ 59,099	$ -	$ 3,292	$ 8,573	$ 3,007	$ 6,506	$ 429,757	$ 828
LIABILITIES:								
Accounts Payable	$ 2,563	$ -	$ -	$ -	$ -	$ -	$ 9,870	$ -
Accrued Liabilities	4,739	-	111	-	-	-	-	-
TOTAL LIABILITIES	7,302	-	111	-	-	-	9,870	-
FUND BALANCE:								
Restricted	51,797	-	3,181	8,573	3,007	6,506	-	828
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	419,887	-
TOTAL FUND BALANCES	51,797	-	3,181	8,573	3,007	6,506	419,887	828
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 59,099	$ -	$ 3,292	$ 8,573	$ 3,007	$ 6,506	$ 429,757	$ 828

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016

	Special Revenue Fund	Debt Service Fund	Capital Project Fund	
	Meadow View Senior Housing	Meadow Brook Project Debt	Grass River Interpretive Center	Total
ASSETS:				
Cash and Equivalents	$ 121,265	$ 100,173	$ 213,664	$ 4,814,622
Receivables:				
Accounts	321	-	-	321
Due From Other Governmental Units	-	-	-	38,454
TOTAL ASSETS	$ 121,586	$ 100,173	$ 213,664	$ 4,853,397
LIABILITIES:				
Accounts Payable	$ 8,969	$ -	$ -	$ 30,750
Accrued Liabilities	3,200	-	-	20,966
TOTAL LIABILITIES	12,169	-	-	51,716
FUND BALANCE:				
Restricted	-	100,173	213,664	3,288,500
Committed	109,417	-	-	256,355
Assigned	-	-	-	1,256,826
TOTAL FUND BALANCES	109,417	100,173	213,664	4,801,681
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 121,586	$ 100,173	$ 213,664	$ 4,853,397

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds							
	Revenue Sharing Reserve	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Medical Marihuana	Forestry
REVENUES:								
Licenses and Permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	10,553	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	4,860	-	-	-	12,400
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	2,329	25	17,465	-	1	158	-	864
Other Revenue	-	2	91	120	-	106,246	-	48
TOTAL REVENUES	2,329	27	17,556	4,980	1	106,404	10,553	13,312
EXPENDITURES:								
Judicial	-	-	-	5,045	-	-	-	-
General Government	-	-	-	-	-	-	-	7,883
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	10,553	-
TOTAL EXPENDITURES	-	-	-	5,045	-	-	10,553	7,883
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,329	27	17,556	(65)	1	106,404	-	5,429
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	(490,739)	-	-	-	(392)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(490,739)	-	-	-	(392)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(488,410)	27	17,556	(65)	(391)	106,404	-	5,429
FUND BALANCES - BEGINNING OF YEAR	1,933,550	8,450	524,806	510	391	17,487	-	278,639
FUND BALANCES - END OF YEAF	$ 1,445,140	$ 8,477	$ 542,362	$ 445	$ -	$ 123,891	$ -	$ 284,068

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds							
	Petoskey Stone Festival	Antrim Creek	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training
REVENUES:								
Licenses and Permits	$ -	$ -	$ -	$ 518,458	$ -	$ -	$ -	$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	8,334
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	7,472	-	764	-	-
Fines and Forfeits	-	-	-	-	-	-	48,945	-
Interest and Rents	16	239	-	1,414	7	12	129	67
Other Revenue	6,592	24,276	-	2,066	-	1	3	4
TOTAL REVENUES	6,608	24,515	-	529,410	7	777	49,077	8,405
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	409,546	-	-	16,359	9,998
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	5,589	4,712	530	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	56,613	-	-	-	-
TOTAL EXPENDITURES	5,589	4,712	530	466,159	-	-	16,359	9,998
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,019	19,803	(530)	63,251	7	777	32,718	(1,593)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	500	-	720	2,070	4,617	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	500	-	720	2,070	4,617	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,519	19,803	190	65,321	4,624	777	32,718	(1,593)
FUND BALANCES - BEGINNING OF YEAR	4,169	72,668	8,518	457,611	2,300	4,044	21,380	21,001
FUND BALANCES - END OF YEAF	$ 5,688	$ 92,471	$ 8,708	$ 522,932	$ 6,924	$ 4,821	$ 54,098	$ 19,408

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds							
	E-911 Wireless	Concealed Pistol Licensing	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement
REVENUES:								
Licenses and Permits	$ -	$ 12,135	$ -	$ -	$ -	$ -	$ -	$ -
Federal	-	-	-	-	-	-	-	-
State	147,212	-	-	-	-	3,855	-	-
Local	-	-	-	-	-	-	3,500	-
Charges for Services	-	-	6,129	26,082	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	1,621	38	106	73	1	-	66	-
Other Revenue	75	1	6	3	-	-	23	-
TOTAL REVENUES	148,908	12,174	6,241	26,158	1	3,855	3,589	-
EXPENDITURES:								
Judicial	-	-	-	-	-	-	6,033	-
General Government	-	-	-	-	-	-	-	-
Public Safety	156	-	3,004	19,392	-	699	-	-
Health and Welfare	-	714	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	156	714	3,004	19,392	-	699	6,033	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	148,752	11,460	3,237	6,766	1	3,156	(2,444)	-
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	10,000	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	10,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	148,752	11,460	3,237	6,766	1	3,156	7,556	-
FUND BALANCES - BEGINNING OF YEAR	476,899	5,992	32,900	18,669	200	20,907	15,320	13,400
FUND BALANCES - END OF YEAF	$ 625,651	$ 17,452	$ 36,137	$ 25,435	$ 201	$ 24,063	$ 22,876	$ 13,400

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Funds							
	Snowmobile Grant	AC Breast Cancer	Probate Grant	Antrim Housing	Housing CDBG Grant	Emergency Services LEPC Grant	Child Care	Veteran's Trust
REVENUES:								
Licenses and Permits	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal	-	-	-	-	56,164	1,900	-	-
State	20,000	-	-	-	-	-	82,037	1,092
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	43,846	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	-	-	-	-	-	-	-	-
Other Revenue	-	15,000	-	-	-	-	6,917	-
TOTAL REVENUES	20,000	15,000	-	-	56,164	1,900	132,800	1,092
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	46,984	-	-	-	-	80	-	-
Health and Welfare	-	15,000	276	85,952	47,591	-	229,916	1,282
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	46,984	15,000	276	85,952	47,591	80	229,916	1,282
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(26,984)	-	(276)	(85,952)	8,573	1,820	(97,116)	(190)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	41,154	-	-	86,229	-	-	100,000	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	41,154	-	-	86,229	-	-	100,000	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	14,170	-	(276)	277	8,573	1,820	2,884	(190)
FUND BALANCES - BEGINNING OF YEAR	37,627	-	3,457	2,730	-	4,686	417,003	1,018
FUND BALANCES - END OF YEAF	$ 51,797	$ -	$ 3,181	$ 3,007	$ 8,573	$ 6,506	$ 419,887	$ 828

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Special Revenue Fund	Debt Service Fund	Capital Project Fund	
	Meadow View Senior Housing	Meadow Brook Project Debt	Grass River Interpretive Center	Total
REVENUES:				
Licenses and Permits	$ -	$ -	$ -	$ 530,593
Federal	-	-	-	58,064
State	-	-	-	273,083
Local	-	-	-	3,500
Charges for Services	-	-	-	101,553
Fines and Forfeits	-	-	-	48,945
Interest and Rents	107,979	256	-	132,866
Other Revenue	428	-	-	161,902
TOTAL REVENUES	108,407	256	-	1,310,506
EXPENDITURES:				
Judicial	-	-	-	11,078
General Government	-	-	-	7,883
Public Safety	-	-	-	506,218
Health and Welfare	105,425	-	-	486,156
Recreation and Culture	-	-	-	10,831
Debt Service	-	884,415	-	884,415
Capital Outlay	-	-	-	67,166
TOTAL EXPENDITURES	105,425	884,415	-	1,973,747
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,982	(884,159)	-	(663,241)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	884,250	-	1,129,540
Operating Transfers Out	-	-	-	(491,131)
TOTAL OTHER FINANCING SOURCES (USES)	-	884,250	-	638,409
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,982	91	-	(24,832)
FUND BALANCES - BEGINNING OF YEAR	106,435	100,082	213,664	4,826,513
FUND BALANCES - END OF YEAF	$ 109,417	$ 100,173	$ 213,664	$ 4,801,681

Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2016

	Airport	Elk Rapids Hydro Electric	Transportation	Total
ASSETS:				
Cash and Equivalents	$ 323,301	$ 367,703	$ 347,404	$ 1,038,408
Accounts Receivables	39,692	1,668	50,529	91,889
Due From Other Governments	-	-	12,667	12,667
Prepaid Items	-	-	5,698	5,698
Inventories	34,192	-	42,572	76,764
Capital Assets (Net of Accumulated Depreciation)	1,966,597	72,671	497,217	2,536,485
TOTAL ASSETS	2,363,782	442,042	956,087	3,761,911
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment and Assumptions	-	-	88,806	88,806
LIABILITIES:				
Accounts Payable	7,947	97	119,312	127,356
Accrued Liabilities	7,309	-	16,746	24,055
Vested Employee Benefits - Due in more than one year	9,085	-	9,278	18,363
Net Pension Liability - Due in more than one year	-	-	401,990	401,990
TOTAL LIABILITIES	24,341	97	547,326	571,764
NET POSITION:				
Net Investment in Capital Assets	1,966,597	72,671	497,217	2,536,485
Unrestricted	372,844	369,274	350	742,468
TOTAL NET POSITION	$ 2,339,441	$ 441,945	$ 497,567	$ 3,278,953

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

	Airport	Elk Rapids Hydro Electric	Transportation	Total
OPERATING REVENUES:				
Charges for Services	$ 224,249	$ 20,771	$ 276,869	$ 521,889
Other Income	6,083	-	2,955	9,038
TOTAL OPERATING REVENUES	230,332	20,771	279,824	530,927
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	246,237	-	601,986	848,223
Depreciation	181,187	3,847	214,138	399,172
Other Expenses	168,521	5,898	287,275	461,694
TOTAL OPERATING EXPENSES	595,945	9,745	1,103,399	1,709,089
OPERATING INCOME (LOSS)	(365,613)	11,026	(823,575)	(1,178,162)
NON OPERATING REVENUES (EXPENSES):				
Interest Earnings	1,043	1,106	891	3,040
Oil and Gas Royalties	398	-	-	398
Federal Grants - Section 5311	-	-	202,130	202,130
State Grants - Section 5311	-	-	327,643	327,643
Unrealized Gain (Loss)	47	62	40	149
TOTAL NONOPERATING REVENUES (EXPENSES)	1,488	1,168	530,704	533,360
INCOME (LOSS) BEFORE TRANSFERS	(364,125)	12,194	(292,871)	(644,802)
Operating Transfers In	250,243	-	166,000	416,243
Changes in Net Position	(113,882)	12,194	(126,871)	(228,559)
NET POSITION - BEGINNING OF YEAR	2,453,323	429,751	624,438	3,507,512
NET POSITION - END OF YEAR	$ 2,339,441	$ 441,945	$ 497,567	$ 3,278,953

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2016

	Airport	Elk Rapids Hydro Electric	Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	$ 226,957	$ 19,103	$ 271,952	$ 518,012
Cash Payments for Goods and Service	(173,643)	(5,801)	(206,030)	(385,474)
Cash Payments to Employees for Services/Fringe Benefits	(246,552)	-	(578,697)	(825,249)
Net Cash Provided (Used) by Operating Activities	(193,238)	13,302	(512,775)	(692,711)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	250,243	-	166,000	416,243
Operating Grants Received	-	-	454,822	454,822
Net Cash Provided (Used) by Noncapital and Related Financing Activities	250,243	-	620,822	871,065
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(11,677)	(7,905)	(68,524)	(88,106)
Capital Acquisition Grants - Received in Cash	-	-	73,556	73,556
Net Cash Provided (Used) by Capital and Related Financing Activities	(11,677)	(7,905)	5,032	(14,550)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income & Gains	1,090	1,168	931	3,189
Oil & Gas Royalties	398	-	-	398
Net Cash Provided (Used) by Investing Activities	1,488	1,168	931	3,587
Net Increase (Decrease) in Cash and Equivalents	46,816	6,565	114,010	167,391
Cash and Equivalents - Beginning of the Year	276,485	361,138	233,394	871,017
Cash and Equivalents - End of Year	$ 323,301	$ 367,703	$ 347,404	$ 1,038,408
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (365,613)	$ 11,026	$ (823,575)	$ (1,178,162)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	181,187	3,847	214,138	399,172
Change in Assets and Liabilities:				
Accounts Receivable	2,708	(1,668)	(4,917)	(3,877)
Prepaid Items	-	-	(2,926)	(2,926)
Inventories	(15,459)	-	(4,913)	(20,372)
Accounts Payable	4,254	97	85,779	90,130
Accrued Liabilities	(315)	-	23,639	23,324
Net Cash Provided (Used) by Operating Activities	$ (193,238)	$ 13,302	$ (512,775)	$ (692,711)

Report on Compliance

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, 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 unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2016, 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 22, 2017. 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

Members of the Board of Commissioners
County of Antrim, Michigan

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. 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 2016-001.

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 2016-001.

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 22, 2017

Significant Deficiencies – Noncompliance with State Statutes

Excess Expenditures Over Appropriations ***Finding 2016-001***

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 2016 General Appropriations Act (budget) provided for expenditures of the following funds to be controlled to the activity level. During the fiscal year ended December 31, 2016, expenditures were incurred in excess of amounts appropriated in the amended budgets.

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, 2016, 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
General Fund:			
Zero Tolerance	$ 72,450	$ 74,289	$ (1,839)
Special Revenue Funds:			
Park Fund	2,200	3,356	(1,156)
Probate Grant	166	276	(110)

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

Cause: Additional billings for fiscal year 2016 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 General and Special Revenue 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, Financial Director

ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS
MEMBER MACPA
OFFICES IN
MICHIGAN & WISCONSIN

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan for the year ended December 31, 2016, and have issued our report thereon dated June 22, 2017. 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 8, 2016, 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 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 8, 2016.

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 72 and 77 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 net pension liability were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

- Management's estimate of the vested employee benefits 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and 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 22, 2017.

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

Disbursements (Prior Year)

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.

Status: Corrected.

Credit Cards (Prior Year)

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.

Status: Corrected.

Other Postemployment Benefits (Prior Year)

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.

Status: Will be implemented in fiscal 2017.

Fair Value of Investments (Prior Year)

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.

Status: Implemented during fiscal 2016.

Information Technology

The Board may want to perform vulnerability or intrusion scans or tests to assure that unauthorized or illegal access to County software or data has not occurred to prevent or detect theft of private information. Additionally, this procedure detects "ghost" programs operating for other than County purposes due to the internet.

Uniform Administrative Requirements

As a precondition to receive federal funds, prospective recipients must have effective administrative and financial internal controls. The Uniform Guidance requires *written* policies and procedures regarding:

- Cash Management – Section 200.302(b)(6) payment procedures
- Allowability of Costs – Section 200.302(b)(7) in accordance with Subpart E – Cost Principals
- Conflict of Interest – Section 200.318(c) covering standards of conduct
- Procurement – Section 200.319(c) for purchasing
- Method of Conducting Technical Evaluations – Section 200.320(d)(3) regarding proposals
- Travel Reimbursement – Section 200.474(b) regarding travel expenses

Written policies should include provisions for training and consequences for violations of policies. The County should review its current written policies for compliance with the above requirements regarding federal awards and amend as necessary.

Health Benefits

The County utilized the actuarial method during 2013 to project the future accrued actuarial liability for health benefit obligations. The County should consider updating this actuarial projection of health benefit costs during fiscal 2017 in accordance with guidance contained in GASB Statement Number 74. The County could also change its valuation of these costs to the alternate method if it elected not to update the actuarial method, however an update is required in either case.

Fund Closing

The general ledger contains several funds which are inactive or are no longer required to maintain a separate accounting for grant requirements. The ledger should be reviewed for inactive funds and amounts should be transferred to the general fund in accordance with GASB Statement Number 54 provisions. The Board should also approve all fund closings prior to transfer of any remaining balances.

Capital Asset Inventory

The County has not recently reconciled its general fixed asset listing to an overall physical inventory of fixed assets by department. The County should consider implementing a procedure whereby a physical count of general fixed assets is taken by department on a bi-annual basis. The physical inventory should be reconciled to the general fixed asset listing and adjusted accordingly. This procedure will help detect and deter any unauthorized use of County-owned assets.

Status: In progress.

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 22, 2017