Antrim County Road Commission

2018 Annual Report
to the
Antrim County Board of Commissioners

June 6, 2019

TABLE OF CONTENTS

Introduction	3
Revenues	4
Expenses	6
Road Projects	7
County Road Pavement Conditions	8
County Road Needs	10
Road Funding	12
Annual Financial Report for 2018 (Act 51 report)	Appendix A
Basic Financial Statements for 2018 (audit)	Appendix B

Introduction

The Antrim County Road Commission (ACRC) maintains 210 miles of primary county roads and 663 miles of local county roads. Also, the Michigan Department of Transportation (MDOT) contracts with the ACRC to perform routine maintenance on 98 miles of state trunkline (M 32, M 66, M 88, US 31 and US 131). In the county system, approximately 700 miles are maintained year round; 556 miles are paved, 144 miles are gravel, leaving 173 miles of seasonal roads (not open to public travel for the months of November through April).

The ACRC's primary responsibility is to provide safe roads for the motoring public. As will be shown in detail in this report, we also work to make improvements where the townships desire to provide better roads for their constituents. In more recent years, townships are shifting money to preventive maintenance to preserve the investments they have made in these improvements. In an ideal world, there would be enough money provided to the ACRC through user fees so that the townships would not have to contribute to this preventive maintenance.

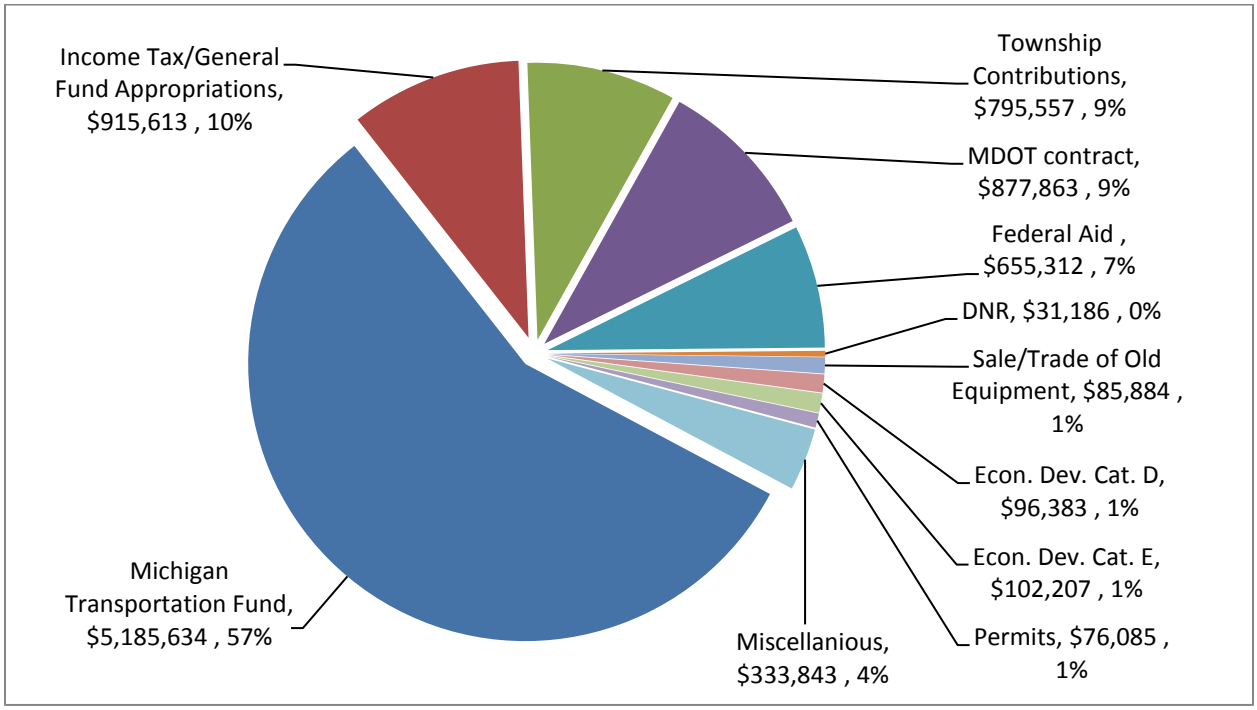
This report will expand on and discuss some of the major financial items that are reported through either audits or other mandated reporting. A short discussion on jobs completed during the year along with the current status and needs of our roads, equipment and facilities.

The revenue and expense information provided in the following pages can also be found in the Annual Financial Report that is filed with the MDOT as required by Act 51, Public Acts of 1951, as amended. This report is included as Appendix A. Also included in this report, as Appendix B, is the Basic Financial Statements for Year Ended December 31, 2018 (audit).

Revenues

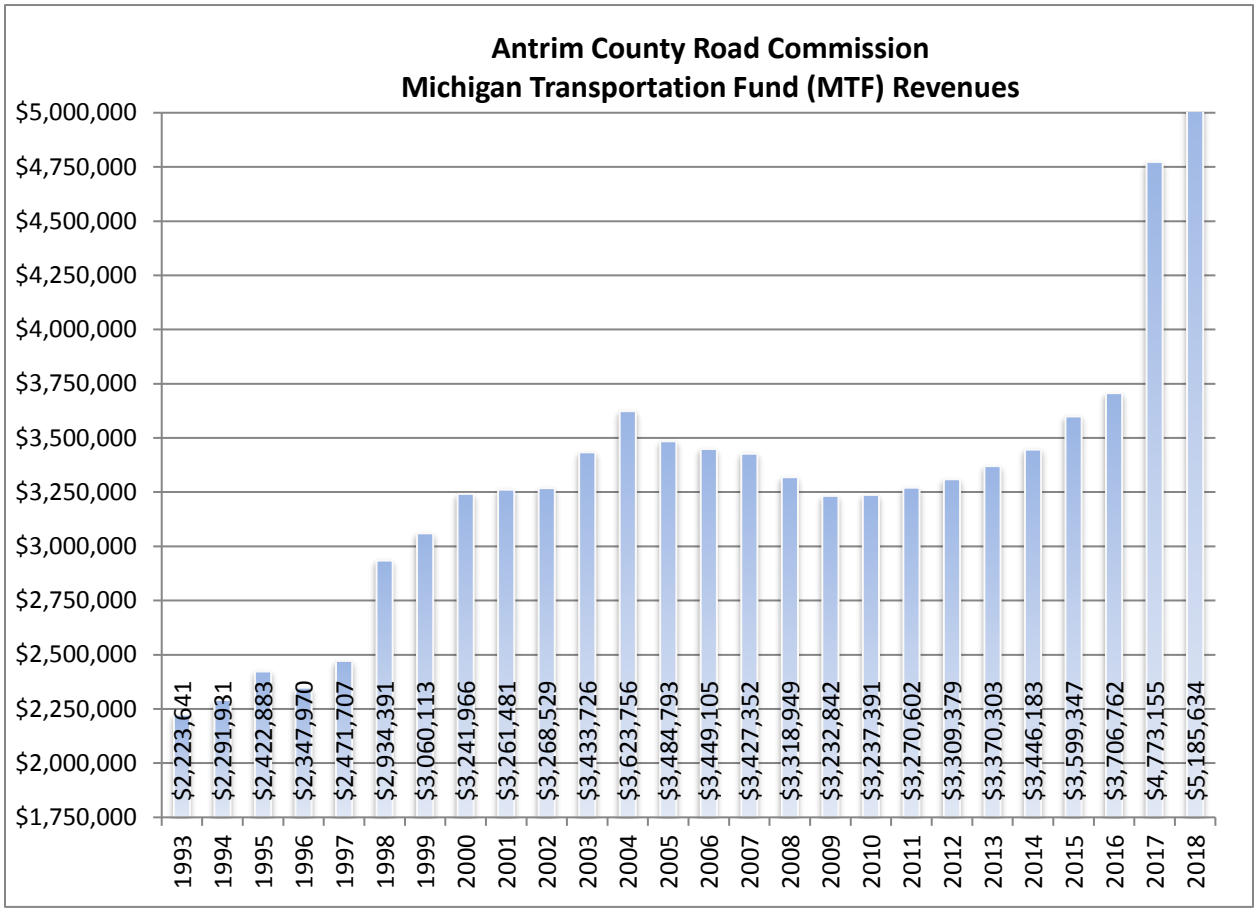
Total revenue received was $8,844,015, down almost $312,000 from the previous year. The main source of revenue is the Michigan Transportation Fund (MTF) which is the primary fund used for all routine maintenance and operating expenses. At almost $5.2 million or 57% of all revenue. A new revenue category is Income Tax/General Fund Appropriations which amounted to over $915,000 or 10% of all revenue. Township contributions amounted to 9% of the total which is down $751,000 from the previous year. The MDOT contract amounted to 9% of total revenue, down slightly from the previous year. Federal Aid was 7%, up by about $79,000. A non-typical source of revenue is from the DNR which was a special project we worked on for them. This was the Chestonia Boat Access Site on the Jordan River which was developed after the new bridge was installed on Old State Road. The revenues received are shown in Chart 1 below.

Chart 1 – Revenues



The MTF is the primary source of funding for all road agencies in Michigan. Revenues from gasoline tax, diesel fuel tax and vehicle registration fees make up most of the MTF which totaled just over $2.87 billion in 2018, up 7%, or about $412 million, from the previous year's collection. Chart 2 below shows MTF revenues received by the ACRC over the last 26 years.

Chart 2 – Michigan Transportation Fund Revenues

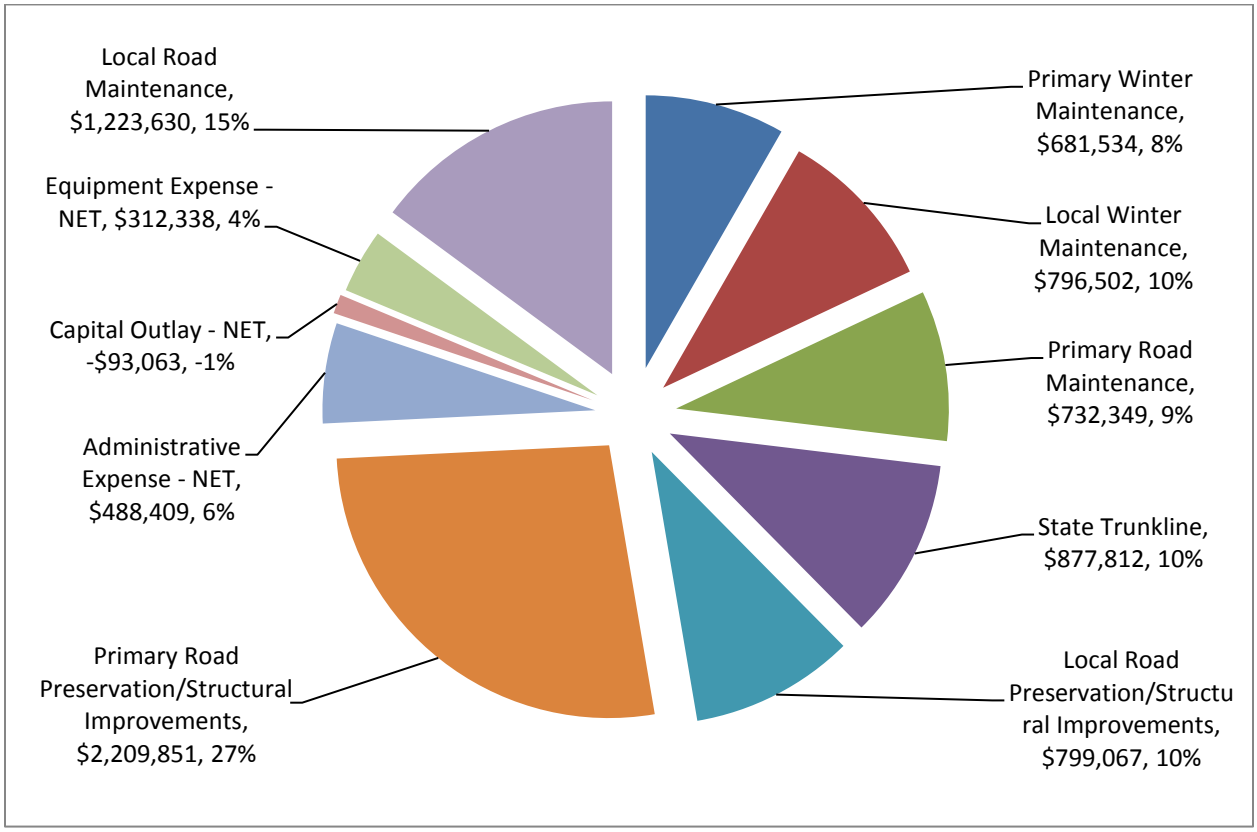


Between 1997 and 1998, gasoline tax was increased from 15¢ per gallon to 19¢ per gallon. On January 1, 2017, fuel taxes were increased to 26.3¢ per gallon and vehicle registration fees were increased by about 20%.

Expenses

Total expenses were $8,028,431, down almost $2745,000. Chart 3 shows the breakdown of major expense items.

Chart 3 – Major Expense Categories



Primary and Local Road Maintenance includes routine maintenance such pot hole patching, gravel road grading and dust control, roadside mowing, etc. Pavement preventive maintenance is included in this category and include such treatments as thin hot mix asphalt overlays, crack filling and chip sealing. Preservation/Structural Improvements include paving gravel roads, hot mix asphalt overlays thicker that one and one half inch, three inches or more of aggregate on a gravel road, etc.

Snow and ice control is one of the single largest expenses under the local and primary road maintenance expenditures and totals $1,478,036, down almost $55,000 from the previous calander year. In previous year's annual reports, this has been included in the Primary Road Maintenance and Local Road Maintenance totals, but since it is a large expense on it's own, it has been seperated out beginning with this year's report.

State Trunkline

State highway maintenance totaled $877,812, up about $13,000 from the previous year. The MDOT contracts with the ACRC for all routine maintenance needs on the state trunklines in the county. The majority of this work, like in the county road system, is winter maintenance. ACRC also provides patching, shoulder maintenance, tree and vegetation control and other routine or reactive work. All work is paid for monthly as incurred and is audited to actual cost after the fiscal year.

Road Projects

Township requested road projects completed in 2018 amounted to $1,005,492. In accordance with the ACRC policy in effect for 2018, funding for these projects was 10% ACRC and 90% townships for township requested project. This is down by about $637,000 from the previous year. However, there was $295,000 of work scheduled but delayed until 2019 due to the contractor lock out of labor forces in the fall of 2018.

Projects that had township cooperation included 4.7 miles of resurfacing, 2.5 miles of gravel surfacing and just over ½ mile of paving gravel roads.

An additional $655,312 of Federal aid (STP) and $96,383 of State Economic Development Category D funds were used to reconstruct Marion Center Road, about 1.5 miles. This road will be an all-season truck route and will not be weight restricted in the spring once Charlevoix County completes reconstruction of the remainder. There is some restoration remaining for 2019 as this project was delayed due to the contractor lock out of labor forces.

New state revenues and special general fund appropriations for roads were used to reconstruct 4.3 miles of Alba Highway between M 66 and US 131 at a cost of $1,123,000. This road is now an all-season truck route and will not be weight restricted in the spring.

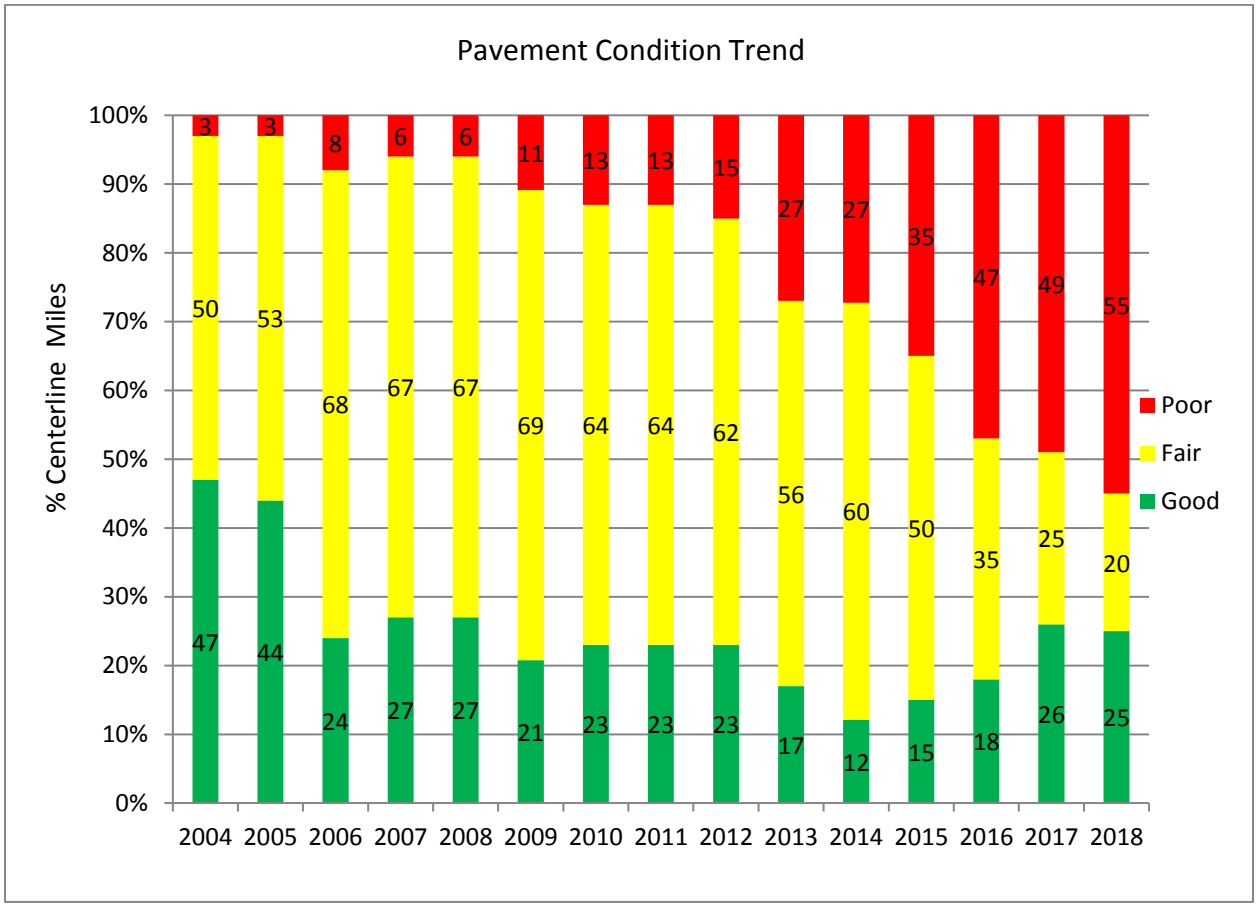
We also received a Federal Safety Grant for $105,000 (plus 20% local match) to upgrade guardrail along Bellaire Highway. There is a short section of new rail remaining to be installed in 2019 under this grant due to a Frontier fiber optic cable that is in the way and we are waiting for them to relocate it. This fiber feeds all 911 calls to our 911 Dispatch so it is important that it not be damaged.

County Road Pavement Conditions

The State of Michigan passed legislation that requires the use of an asset management system for public paved road maintenance. The Asset Management Council was established as a result of this legislation. Michigan is recognized nationally as leader in pavement asset management.

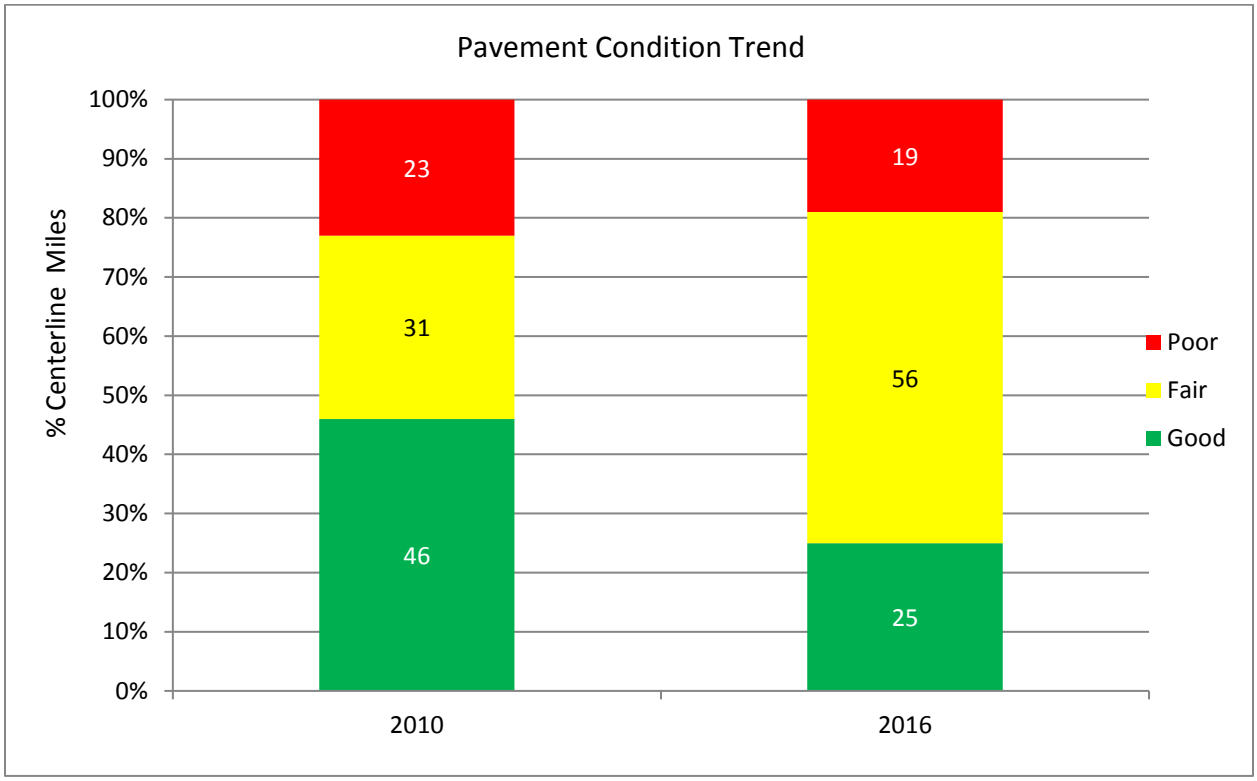
Since 2003 we have been evaluating and rating our Federal Aid eligible paved road system in Michigan. Since the start, the ACRC has been involved in this annual rating on the county primary roads and the state highway systems. Chart 6 shows the Federal Aid eligible county primary road pavement condition trends for the last 15 years.

Chart 6 – Federal Aid Eligible Primary County Road Surface Condition Trend



This chart represents 178 centerline miles of primary road, being only the roads that are eligible for federal aid and therefore have been rated every year since 2003. There are 32 miles of primary road that are not federal aid eligible.

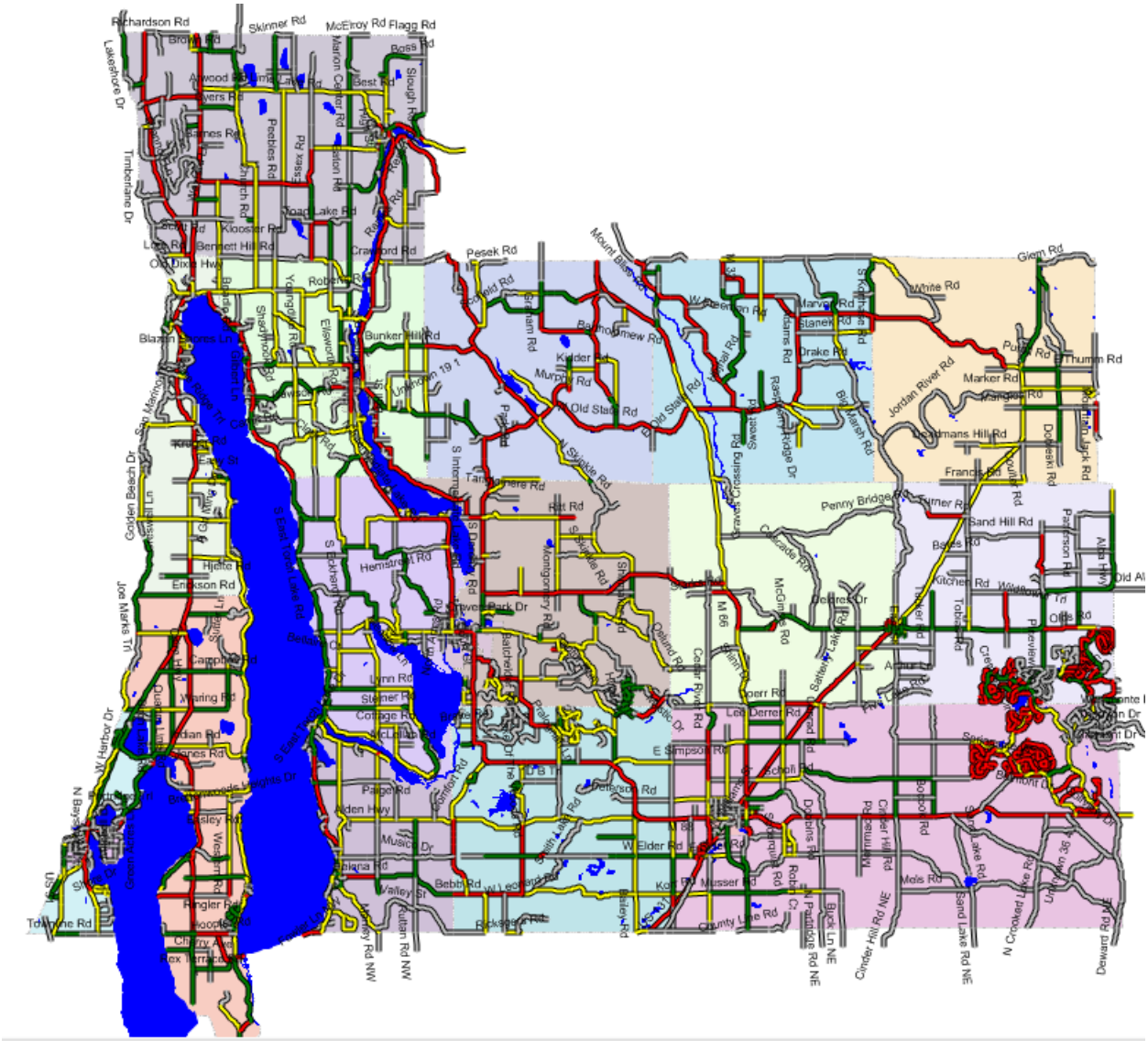
Chart 7 – Non-Federal Aid Eligible County Road Surface Condition Trend



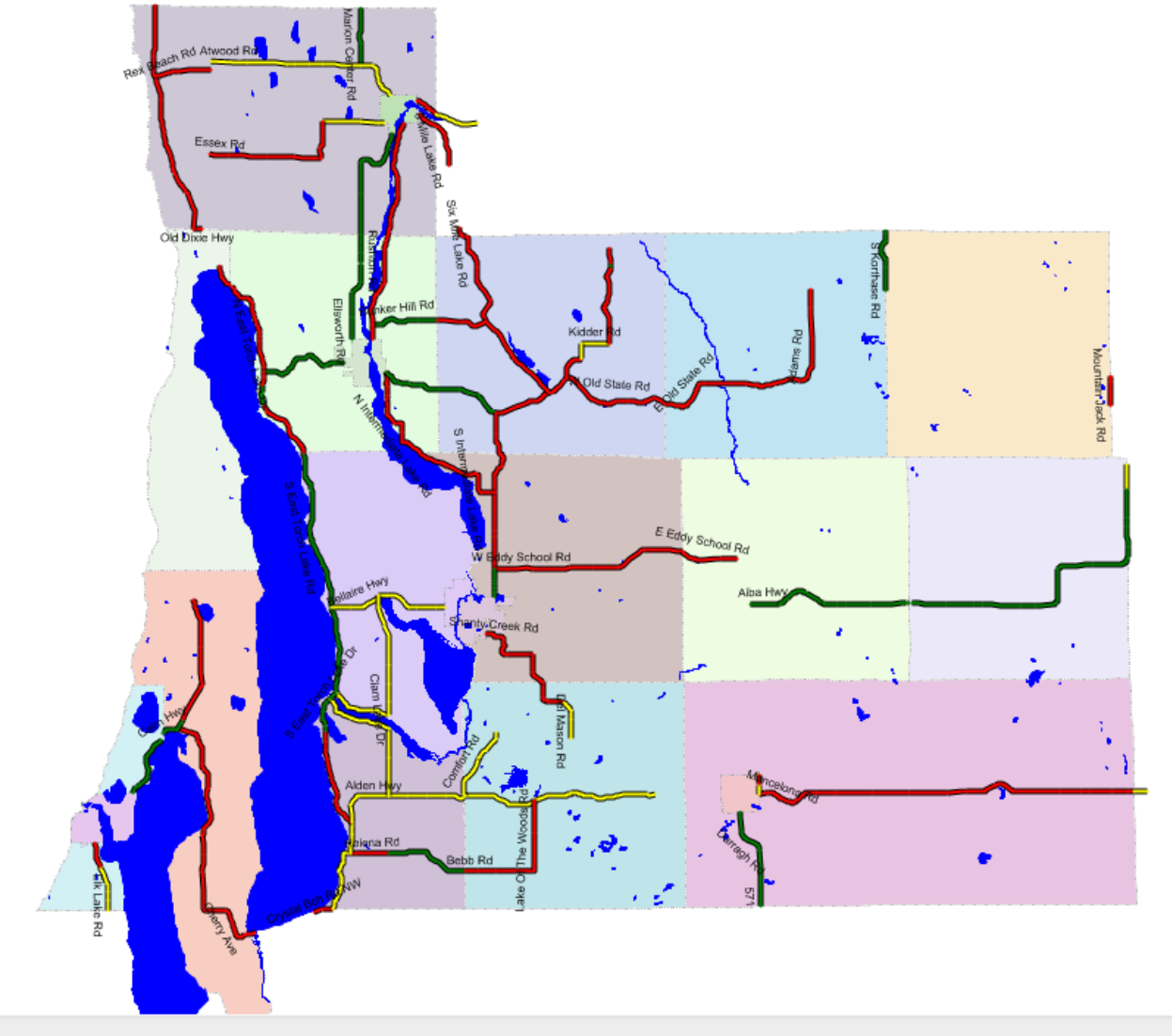
County Road Needs

The estimate of needed work on the paved county road system was is over $47 million. This does not address the needs on the gravel and seasonal roads.

The map below shows the condition of all county roads including those that are federal aid eligible. The green roads are good, yellow is fair and red is poor. This map includes the last rating entered on all paved roads. It is readily apparent the abundance of poor condition roads.


Richardson Rd
Skinner Rd
McElroy Rd
Flagg Rd
Lakeshore Dr
Timberlane Dr
Pesek Rd
Glen Rd
White Rd
Jordan River Rd
Marker Rd
Thumm Rd
Bunker Hill Rd
Kidder Rd
Old State Rd
Drake Rd
Deadmans Hill Rd
Francis Rd
Penny Bridge Rd
Turner Rd
Sand Hill Rd
Bates Rd
Kitchen Rd
Tobias Rd
Golden Beach Dr
Joe Marks Trl
Hemstreet Rd
Erickson Rd
Campbell Rd
Lynn Rd
Cottage Rd
Paige Rd
Alden Hwy
Bebbit Rd
Valley St
Ringler Rd
Tidmore Rd
Cutler Rd NW
Valley Rd NW
Rickson Rd
Lee Derrer Rd
E Simpson Rd
W Elder Rd
Musser Rd
County Line Rd
Buck Ln NE
Cinder Hill Rd NE
Sand Lake Rd NE
Mels Rd
Cedar River Rd
Cedar Hill Rd
Bobbolo Rd
Pacquumin Rd
Robinson Rd
Dobbins Rd
Rathbun Rd
Sweet Rd
Rockhouse Rd
Crossing Rd
Cascade Rd
McGinnis Rd
M 86
Oakland Rd
Montgomery Rd
Shingle Rd
Tamarack Rd
Rist Rd
Bailey Rd
Bellaire Dr
Bellaire Ln
S East Torch Lake Rd
Bay View Rd
Bayview Rd
Bay Shore Dr
Bay Shore Ln
Bay View Ln
Blazier Rd
Bunker Hill Rd
Elsworth Rd
Sheathbone Rd
Youngdale Rd
Robertson Rd
Bartlett Rd
Bartlett Ln
Bartlett Tr
Bartlett Cir
Kloosterman Rd
Bennett Hill Rd
Old Dixie Hwy
Lake Rd
Pechtes Rd
Pine Hill Rd
Stoughton Rd
Best Rd
Marion Center Rd
Stough Rd
Ross Rd
Allwood Rd
Sawyers Rd
Barnes Rd
Hiette Rd
Wiaring Rd
Indian Rd
Jones Rd
Bayshore Heights Dr
Bayshore Ln
Bayshore Dr
Bayley Rd
Western Rd
Cherry Ave
Fox Terrace
Sand Lake Rd
Mills Rd
Crooked Lake Rd
Dawson Rd
Dawson Ln
Dawson Dr
Dawson Cir
Dawson Ct
Dawson Pl
Dawson Tr
Dawson Way

The map below shows the current condition of federal aid eligible paved roads only. These correlate to the data depicted in Charts 6.



Facility Needs

The ACRC maintains garages in Mancelona, Central Lake and Kewadin. The administrative office is located at the main garage in Mancelona.

There continues to be a need to replace the truck storage garage in Central Lake where the original building was built in 1940. The current estimate is well over $1 million. There is no definite schedule for this replacement.

All other facilities are in good shape and we continue to perform routine maintenance to keep them in good shape.

Staff

For the last several years, the ACRC has employed 34 full time people, 23 truck drivers and equipment operators and three mechanics. This is the minimum efficient winter maintenance crew. There is need for more employees at different times throughout the year and we do supplement with temporary employees, mainly during winter.

Road Funding

Legislation enacted in 2015 which increased fuel taxes and vehicle registration fees resulted in an increase in revenue to the Road Commission of just over $1 million in 2017 over 2016. This is about a 29% increase in revenue. Referring to Chart 2 on page 5, current revenues are about where they should be had appropriate increases in fuel taxes and registration fees been incrementally increased over time. It is clear that a tremendous amount of revenue could have been collected during the period between 2004 and 2017. During this 12 year span, it is estimated to be $8.5 million. This lost revenue would have helped tremendously to keep our roads from deteriorating at the excessive rate we are experiencing.

The same legislation enacted in 2015 added $150 million to the Michigan Transportation Fund in 2018. The legislature also appropriated an additional $300 million general fund money to roads. This resulted in an additional $900,000 to the ACRC. The additional unplanned appropriation helped the ACRC extend the Alba Hwy project all the way to M 66, as it would have fallen about one mile short originally.

Last year's report included this statement: "All this is good news for roads but it is still too little too late. Roads in the county will continue to deteriorate faster than we are able to improve them. Expect future pavement ratings to show this trend of deterioration." It is still too early to see any trends in road condition, but we might see the rate of deterioration level off in the next few years. If additional road funding is provided by the state, we may then begin to gain good condition road mileage.

Appendix A
Annual Financial Report for 2018
(Act 51 Report)

2018

FISCAL YEAR

ANNUAL FINANCIAL REPORT

BOARD OF COUNTY ROAD COMMISSIONERS

Antrim County

Michigan

Year Ended 2018

The financial report accurately reflects the Revenues and Expenditures of all road work and funds by systems, and conforms with the requirements of Act 51, Public Acts of 1951, as amended

ATTEST

Dale Farrier

Chief Financial Officer

Fred Hunt, Jr.

Chairman

April 23, 2019

Date

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

BALANCE SHEET

Assets

General Operating Fund

1. Cash	$2,092,064.88
2. Investments	0.00
3. AccountsReceivable :	
a. Michigan Transportation Fund	668,691.81
b. State Trunkline Maintenance	87,598.06
c. State Transportation Department - Other	402.12
d. Due on County Road Agreement	0.00
e. Due on Special Assessement	0.00
f. Sundry Accounts Receivable	29,142.00

Inventories/Pre-Paid Insurance/Other

4. Deferred Expense State Aid	0.00
5. Road Materials	453,469.41
6. Equipment Materials and Parts	164,245.60
7. Prepaid Insurance	47,636.00
8. Deferred Expense - Federal Aid	0.00
9. Other	492,327.57
10. TOTAL ASSETS	**$4,035,577.45**

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

Liabilities and Fund Balances

Liabilities

11. Accounts Payable	$65,334.43	
12. Notes Payable (Short Term)	0.00	
13. Accrued Liability	32,908.70	
14. Advances	375,796.00	
15. Deferred Revenue - Special Assessment District	0.00	
16. Deferred Revenue - EDF Forest Rd.(E)	0.00	
17. Deferred Revenue	199,125.00	
18. Other	0.00	

Fund Balances

19. Primary Road Fund	534,978.27	
20. Local Road Fund	6,109.35	
21. County Road Commission Fund	2,821,325.70	
22. Total Fund Balances	3,362,413.32	
23. TOTAL LIABILITIES AND FUND BALANCES		**$4,035,577.45**

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

CAPITAL ASSETS ACCOUNT GROUP

Assets	**(A)**	**(B)**	
24. Land		$247,785.50	
25. Land Improvements	$0.00		
25 a.Less: Accumulated Depreciation	0.00	0.00	
26. Depletable Assets	70,886.00		
26 a.Less: Accumulated Depreciation	(70,886.00)	0.00	
27. Buildings	2,482,738.85		
27 a.Less: Accumulated Depreciation	(1,380,794.54)	1,101,944.31	
28. Equipment - Road	8,114,754.87		
28 a.Less: Accumulated Depreciation	(6,304,525.74)	1,810,229.13	
29. Equipment - Shop	289,976.11		
29 a.Less: Accumulated Depreciation	(190,615.35)	99,360.76	
30. Equipment - Engineers	67,931.14		
30 a.Less: Accumulated Depreciation	(57,763.68)	10,167.46	
31. Equipment - Yard and Storage	1,043,331.46		
31 a.Less: Accumulated Depreciation	(953,786.11)	89,545.35	
32. Equipment and Furniture - Office	142,670.88		
32 a.Less: Accumulated Depreciation	(89,173.25)	53,497.63	
33. Infrastructure	44,240,677.00		
33 a.Less: Accumulated Depreciation	(13,045,832.00)	31,194,845.00	
34. Vehicles	0.00		
34 a.Less: Accumulated Depreciation	0.00	0.00	
35. Construction Work in Progress		0.00	
	36. Total Assets		**$34,607,375.14**
Equities			
37. Plant and Equipment Equity			
	37 a.Primary	0.00	
	37 b.Local	0.00	
	37 c.Co. Road Comm.	3,412,530.14	
	37 d.Infrastructure	31,194,845.00	
	38. Total Equities		**$34,607,375.14**
Long Term Debt			
39. Bonds Payable (Act 51)		0.00	
40. Notes Payable (Act 143)		0.00	
41. Vested Vacation and Sick Leave Payable		160,936.32	
42. Installment/Lease Purchase Payable		0.00	
43. Other		0.00	
	44. Total Liabilities		**$160,936.32**
Fiduciary Fund			
45. Deferred Compensation (Pension) Plan			**$0.00**

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

STATEMENT OF REVENUES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
Taxes				
46. County Wide Millage	$0.00	$0.00	$0.00	$0.00
47. Other	0.00	0.00	0.00	0.00
48. Total Taxes	0.00	0.00	0.00	0.00
Licenses and Permits				
49. Specify	0.00	0.00	76,085.00	76,085.00
Federal Sources				
50. Surface Tran. Program (STP)	655,312.10	0.00	0.00	655,312.10
51. C Funds - Federal	0.00	0.00	0.00	0.00
52. D Funds - Federal	0.00	0.00	0.00	0.00
53. Bridge	0.00	0.00	0.00	0.00
54. High Priority	0.00	0.00	0.00	0.00
55. Other	0.00	0.00	0.00	0.00
56. Total Federal Sources	655,312.10	0.00	0.00	655,312.10
STATE SOURCES				
Michigan Transportation Fund				
57. Engineering	5,928.72	4,071.28		10,000.00
58. Snow Removal	199,220.67	233,867.74		433,088.41
59. Urban Road	0.00	0.00		0.00
60. Allocation	2,811,720.81	1,930,824.61		4,742,545.42
61. Total MTF	3,016,870.20	2,168,763.63		5,185,633.83
Other				
62. Local Bridge	0.00	0.00		0.00
63. Other	0.00	0.00	946,799.14	946,799.14
64. Total Other	0.00	0.00	946,799.14	946,799.14
Economic Development Fund				
65. Target Industries (A)	0.00	0.00		0.00
66. Urban Congestion (C)	0.00	0.00		0.00
67. Rural Primary (D)	96,383.49	0.00		96,383.49
68. Forest Road (E)	102,206.77	0.00		102,206.77
69. Urban Area (F)	0.00	0.00		0.00
70. Other	0.00	0.00		0.00
71. Total EDF	198,590.26	0.00		198,590.26
72. Total State Sources	$3,215,460.46	$2,168,763.63	$946,799.14	$6,331,023.23

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

STATEMENT OF REVENUES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
Contributions From Local Units				
73. City and Village	$0.00	$0.00	$0.00	$0.00
74. Township Contr.	120,176.13	675,381.25	0.00	795,557.38
75. Other	0.00	0.00	3,105.71	3,105.71
76. Total Contributions	120,176.13	675,381.25	3,105.71	798,663.09
Charges for Service				
77. Trunkline Maintenance	0.00		790,437.68	790,437.68
78. Trunkline Non-maintenance	0.00		87,424.66	87,424.66
79. Salvage Sales	0.00	0.00	4,346.79	4,346.79
80. Other	0.00	0.00	0.00	0.00
81. Total Charges	0.00	0.00	882,209.13	882,209.13
Interest and Rents				
82. Interest Earned	5,167.96	19.29	9,650.43	14,837.68
83. Property Rentals	0.00	0.00	0.00	0.00
84. Total Interest/Rents	5,167.96	19.29	9,650.43	14,837.68
Other				
85. Special Assessments	0.00	0.00	0.00	0.00
86. Land and Bldg. Sales	0.00	0.00	0.00	0.00
87. Sundry Refunds	0.00	0.00	0.00	0.00
88. Gain (Loss) Equip. Disp.	0.00	0.00	85,884.28	85,884.28
89. Contributions from Private Sources	0.00	0.00	0.00	0.00
90. Other	0.00	0.00	0.00	0.00
91. Total Other	0.00	0.00	85,884.28	85,884.28
Other Financing Sources				
92. County Appropriation	0.00	0.00	0.00	0.00
93. Bond Proceeds	0.00	0.00	0.00	0.00
94. Note Proceeds	0.00	0.00	0.00	0.00
95. Inst. Purch./Leases	0.00	0.00	0.00	0.00
96. Total Other Fin. Sources	0.00	0.00	0.00	0.00
97. TOTAL REVENUE AND OTHER FINANCING SOURCES	**$3,996,116.65**	**$2,844,164.17**	**$2,003,733.69**	**$8,844,014.51**

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

STATEMENT OF EXPENDITURES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
Construction/Capacity Improvement				
98. Roads	$0.00	$0.00		$0.00
99. Structures	0.00	0.00		0.00
100. Roadside Parks	0.00	0.00		0.00
101. Special Assessments	0.00	0.00		0.00
102. Other	0.00	0.00		0.00
103. Total Construction/Cap. Imp.	0.00	0.00		0.00
Preservation - Structural Improvements				
104. Roads	2,209,850.91	799,067.19		3,008,918.10
105. Structures	0.00	0.00		0.00
106. Safety Projects	0.00	0.00		0.00
107. Roadside Parks	0.00	0.00		0.00
108. Special Assessments	0.00	0.00		0.00
109. Other	0.00	0.00		0.00
110. Total Preservation - Struct. Imp.	2,209,850.91	799,067.19		3,008,918.10
Maintenence				
111. Roads	693,077.31	1,163,741.55		1,856,818.86
112. Structures	3,706.95	4,677.76		8,384.71
113. Roadside Parks	0.00	0.00		0.00
114. Winter Maintenance	681,534.19	796,501.86		1,478,036.05
115. Traffic Control	35,565.85	55,211.21		90,777.06
116. Total Maintenance	1,413,884.30	2,020,132.38		3,434,016.68
117. Total Construction, Preservation And Maintenance	3,623,735.21	2,819,199.57		6,442,934.78
Other				
118. Trunkline Maintenance	0.00		790,386.62	790,386.62
119. Trunkline Non-maintenance	0.00		87,424.66	87,424.66
120. Administrative Expense	274,698.61	213,710.49		488,409.10
121. Equipment - Net	89,875.96	168,290.64	54,171.80	312,338.40
122. Capital Outlay - Net	0.00	0.00	(93,062.78)	(93,062.78)
123. Debt Principal Payment	0.00	0.00	0.00	0.00
124. Interest Expense	0.00	0.00	0.00	0.00
125. Drain Assessment	0.00	0.00	0.00	0.00
126. Other	0.00	0.00	0.00	0.00
127. Total Other	364,574.57	382,001.13	838,920.30	1,585,496.00
128. Total Expenditures	**$3,988,309.78**	**$3,201,200.70**	**$838,920.30**	**$8,028,430.78**

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

STATEMENT OF CHANGES IN FUND BALANCES

	Primary Road Fund (P)	Local Road Fund (L)	Co. Road Comm. Fund (C)	Total (T)
129. Total Revenues And Other Financing Sources	$3,996,116.65	$2,844,164.17	$2,003,733.69	$8,844,014.51
130. Total Expenditures	3,988,309.78	3,201,200.70	838,920.30	8,028,430.78
131. Excess of Revenues Over (Under) Expenditures	7,806.87	(357,036.53)	1,164,813.39	815,583.73
132. Optional Transfers				
132 a. Primary to Local (50%)	(360,000.00)	360,000.00		0.00
132 b. Local to Primary (15%)	0.00	0.00		0.00
133. Emergency Transfers (Local to Primary)	0.00	0.00		0.00
134. Total Optional Transfers	(360,000.00)	360,000.00		0.00
135. Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(352,193.13)	2,963.47	1,164,813.39	815,583.73
136. Beginning Fund	887,171.40	3,145.88	1,656,512.31	2,546,829.59
137. Adjustment	0.00	0.00	0.00	0.00
138. Beginning Fund Balance Restated	887,171.40	3,145.88	1,656,512.31	2,546,829.59
139. Interfund Transfer(County to Primary and/or Local)	0.00	0.00	0.00	0.00
140. Ending Fund Balance	$534,978.27	$6,109.35	$2,821,325.70	$3,362,413.32

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

EQUIPMENT EXPENSE

Direct Equipment Expense		
141. Labor and Fringe Benefits	$278,488.51	
142. Depreciation	636,353.34	
143. Other	361,553.16	
144. Total Direct		1,276,395.01
145. Indirect Equipment Expense		555,907.32
Operating Equipment Expense		
146. Labor and Fringe Benefits	0.00	
147. Operating Expenses	312,970.10	
148. Total Operating		$312,970.10

149. TOTAL EQUIPMENT EXPENSE $2,145,272.43

Equipment Rental Credits:

	Primary	Local	County	Total
150. Construction/Capacity Improvement	0.00	0.00		0.00
151. Preservation - Structural Improvement	127,238.39	152,155.59		279,393.98
152. Maintenance	400,191.84	832,747.55		1,232,939.39
153. Inventory Operations	0.00	0.00	34,291.57	34,291.57
154. MDOT	0.00		252,798.64	252,798.64
155. Other Reimbursable Charges	0.00	2,697.60	0.00	2,697.60
156. All Other Charges	0.00	0.00	30,812.85	30,812.85
157. Total Equipment Rental Credits	527,430.23	987,600.74	317,903.06	1,832,934.03
	(A)	(B)	(C)	(D)
158. (Gain) or Loss on Usage of Equipment				312,338.40

PRORATION OF EQUIPMENT USAGE GAIN OR LOSS

(Net Equipment Expense)

159. Equipment Rental Credits	$527,430.23	$987,600.74	$317,903.06	$1,832,934.03
	(A)	(B)	(C)	(D)
160. Percent of Total	28.78 %	53.88 %	17.34 %	100.00 %
161. Prorated Total Equipment Expense	617,306.19	1,155,891.38	372,074.86	2,145,272.43
162. Prorated Gain/Loss On Usage (Net Equipment Expense)	89,875.96	168,290.64	54,171.80	312,338.40

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

DISTRIBUTIVE EXPENSE - FRINGE BENEFITS

	Total Labor Charge		Distributive Calc.
163. Primary Construction/Cap. Imp.	$0.00		$0.00
164. Primary Preservation - Struct. Imp.	59,013.69		80,153.52
165. Primary Maintenance	226,766.06		307,998.00
166. Local Construction/Cap. Imp.	0.00		0.00
167. Local Preservation - Struct. Imp.	69,493.83		94,387.84
168. Local Maintenance	351,991.08		478,080.95
169. Inventory	9,967.28		0.00
170. Equipment Expense - Direct	118,092.72		160,395.79
171. Equipment Expense - Indirect	88,763.84		120,560.74
172. Equipment Expense - Operating	0.00		0.00
173. Administration	205,591.30		247,772.66
174. State Trunkline Maintenance	172,302.29		
175. Sundry Account Rec.	278.07		
176. Capital Outlay	2,167.23		2,943.57
177. Other	494,191.07		148,200.99
178. Total Payroll	$1,798,618.46		
179. Less Applicable Payroll	0.00		
180. Total Applicable Labor Cost	$1,798,618.46	Total Distributive	$1,640,494.06

	709-714 Vacation Holiday Sick Leave Longevity	719 Workers Comp. Insurance	715 - 718 Soc. Sec. Retirement	716 Health Insurance	717 Life and Disability Insurance	720 - 725 Other	Distributive Total Calc.
181. Total Fringe Benefits	$177,818.94	$56,258.46	$997,581.59	$602,402.58	$24,721.89	$0.00	$1,858,783.46
182. Less: Benefits Recovered	(20,882.47)	(6,606.81)	(117,152.69)	(70,744.17)	(2,903.26)	0.00	(218,289.40)
183. Less: Refunds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
184. Benefits to be Distributed	156,936.47	49,651.65	880,428.90	531,658.41	21,818.63	0.00	1,640,494.06
185. Applicable Labor Cost	1,025,402.65	1,230,993.95	1,230,993.95	1,230,993.95	1,230,993.95	1,230,993.95	
186. Factor	0.153049	0.040335	0.715218	0.431894	0.017724	0.000000	1.358220

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

DISTRIBUTIVE EXPENSE - OVERHEAD
Account No. 705 - 957

	Cost of Operations	Distributed Total
187. Primary Construction/Cap. Imp.	$0.00	$0.00
188. Primary Preservation - Struct Imp.	2,128,212.67	81,638.24
189. Primary Maintenance	1,361,642.57	52,241.73
190. Local Construction/Cap. Imp.	0.00	0.00
191. Local Preservation - Struct. Imp.	769,547.33	29,519.86
192. Local Maintenance	1,945,502.90	74,629.48
193. Other	0.00	0.00
194. TOTAL	$6,204,905.47	$238,029.31

	790 Small Road Tools	791 Inventory Adjustment	882 Liability	716 Health Insurance	Other	Total
195. Expenses Distributed	9,537.26	(49,766.90)	13,398.84	259,835.93	5,024.18	$238,029.31
196. Applicable Operation Cost	6,204,905.47	6,204,905.47	6,204,905.47	6,204,905.47	6,204,905.47	
197. Factor	0.001537	(0.008021)	0.002159	0.041876	0.000810	$0.038361

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

ANALYSIS OF CONSTRUCTION AND MAINTENANCE

Optional for noncontract counties

	Performed by County		Performed by Contractor		Totals	
	Primary	**Local**	**Primary**	**Local**	**Primary**	**Local**
198. Constr/Cap. Imp.	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
199. Preser - Struct. Imp.	1,044,394.00	483,292.00	1,165,456.91	315,775.19	2,209,850.91	799,067.19
200. Special Assessment	0.00	0.00	0.00	0.00	0.00	0.00
201. Maintenance	1,403,507.30	1,924,357.38	10,377.00	95,775.00	1,413,884.30	2,020,132.38
202. Total	$2,447,901.30	$2,407,649.38	$1,175,833.91	$411,550.19	$3,623,735.21	$2,819,199.57

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

ANALYSIS OF ACCOUNTS RECEIVABLE

Optional for noncontract counties

	Trunkline Maintenance	MDOT Other
203. Labor	$172,302.29	$0.00
204. Fringe Benefits	198,147.64	0.00
205. Equipment Rental	252,798.64	0.00
206. Materials	86,881.76	80,575.73
207. Handling Charges	0.00	0.00
208. Overhead	80,256.29	6,848.93
209. Other	0.00	0.00
210. Total Charges for Current Year	$790,386.62	$87,424.66
211. Beginning Balance	0.00	0.00
212. Sub-Total	790,386.62	87,424.66
213. Less Credits	(702,788.56)	(87,022.54)
214. Ending Balance	$87,598.06	$402.12

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

SCHEDULE OF CAPITAL OUTLAY

215. Land and Improvements (971 - 974)	$117,925.71
216. Buildings (975)	0.00
217. Equipment Road (976, 981)	506,349.68
218. Equipment Shop (977)	41,064.00
219. Equipment Engineers (978)	8,916.20
220. Equipment - Yard and Storage (979)	26,032.44
221. Equipment Office (980)	26,258.01
222. Depletable Assets (987)	0.00
223. Total Capital Outlay:	$726,546.04

	Primary	Local	County	Total
224. Total Capital Outlay:	0.00	0.00	726,546.04	726,546.04
225. Less: Equipment Retirements 689	0.00	0.00	(87,365.72)	(87,365.72)
226. Sub-total	0.00	0.00	639,180.32	639,180.32
227. Less: Depreciation and Depletion 968	0.00	0.00	(732,243.10)	(732,243.10)
228. Net Capital Outlay Expenditure	$0.00	$0.00	$(93,062.78)	$(93,062.78)

DISTRIBUTION OF GAIN OR LOSS ON DISPOSAL OF ASSETS

	Primary	Local	County	Total
229. Beginning Capital Asset Balance Prior Year's Report (Pg. 3)	0.00	0.00	3,505,592.92	3,505,592.92
230. Percentage of Total	0.00 %	0.00 %	100.00 %	100.00 %
231. Gain or (loss) on disposal of assets 693	0.00	0.00	85,884.28	85,884.28

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

PRESERVATION EXPENDITURES - 90% OF MTF RETURNS

(For Compliance with Section 12(16) of Act 51)

	Primary Road Fund	Local Road Fund	Total
232. Michigan Transportation Fund (MTF) Returns			$5,185,633.83
DEDUCTIONS			
233. Administrative Expense (from Page 6 Expenditures)			488,409.10
234. Total Capital Outlay (from Page 13)			726,546.04
235. Debt Principal Payment (from Page 6 Expenditures)			0.00
236. Interest Expense (from Page 6 Expenditures)			0.00
236 a. Total Deductions			1,214,955.14
236 b. Adjusted MTF Returns			3,970,678.69
237. Preser - Struct Imp (from Page 6 Expenditures)	$2,209,850.91	$799,067.19	3,008,918.10
238. Routine Maintenance (from Page 6 Expenditures)	1,413,884.30	2,020,132.38	3,434,016.68
239. Less Federal Aid for Preser - Struct Imp	0.00	0.00	0.00
240. TOTAL RD EXPENSE (Excluding Fed Aid)	3,623,735.21	2,819,199.57	6,442,934.78
241. 90% of Adjusted MTF Returns			3,573,610.82

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

TEN YEARS OF QUALIFIED EXPENDITURES
FOR NON MOTORIZED IMPROVEMENTS
(for Compliance with Section 10K of Act 51)

Fiscal Year	2009	2010	2011	2012	2013
Expenditures ($)	0.00	0.00	68,000.00	0.00	80,000.00

Fiscal Year	2014	2015	2016	2017	2018
Expenditures ($)	322,701.65	0.00	49,000.00	0.00	200,000.00

242. TOTAL $719,701.65

Total must equal or exceed 1% of your Fiscal Year MTF returns multiplied by 10

5,185,633.83 x .10 = 518,563.38

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

INDIRECT EQUIPMENT AND STORAGE EXPENSE
Activity 511

Account Number	Account Name	Amount Recorded
707	Wages - Shop and Garage	$88,763.84
712-724	Fringe Benefits - Shop Employees	120,560.74
721	Drug Testing	2,977.29
728	Office Supplies - Shop	0.00
731	Janitor Supplies - Shop	5,835.72
733	Welding Supplies	5,145.11
734	Safety Supplies - Shop	0.00
736	Tire Shop Supplies	0.00
737	Shop Supplies	30,699.68
791	Equipment Material/Parts Inventory Adjustment	3,736.22
801	Contractual Services - Shop	0.00
805	Health Services	0.00
806	Laundry Services	11,220.57
807	Data Processing - Shop	0.00
810	Education Expense - Shop	334.18
850-859	Communications - Shop	4,583.00
861	Travel and Mileage - Shop Employees	0.00
862	Freight Costs	62.57
875	Insurance - Shop Buildings	44,302.30
876	Insurance - Boiler and Machine	0.00
878	Insurance - Fleet	33,563.00
883	Insurance - Underground Tank	0.00
921-923	Utilities - Shop and Storage Buildings	51,699.12
931	Buildings Repairs and Maintenance	39,099.55
932	Yard and Storage Repairs and Maintenance	16,421.00
933	Shop Equipment Repairs and Maintenance	783.00
934	Office Equipment Repairs and Maintenance	0.00
941	Equipment Rental - Shop Pickup/Wrecker	0.00
944-947	Underground Storage Tank Expense	0.00
956	Safety Expense - Shop	7,289.59
968	Depreciation - Shop Building	55,304.40
968	Depreciation - Storage Building	7,963.82
968	Depreciation - Shop Equipment	11,736.57
968	Depreciation - Stockroom Expense	0.00
707	Other:	13,826.05
	243. TOTAL	$555,907.32

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

ADMINISTRATIVE EXPENSE SCHEDULE AND ALLOCATION

(for Compliance with Section 14(4) of Act 51)

Account Number	Account Name	Amount Recorded
703-708	Salaries and Wages	$205,591.30
709-714	Administrative Leave	0.00
724	Fringe Benefits	247,772.66
727	Postage	2,140.29
728	Office Supplies	4,556.63
730	Dues and Subscriptions	11,836.72
801	Contractual Services	0.00
803	Legal Services	2,403.50
804	Auditing and Accounting Services	0.00
807	Data Processing	17,543.75
810	Education	20,966.50
850-853	Communications	4,314.00
861	Travel and Mileage	6,820.84
862	Freight	10,457.92
873	Public Relations	0.00
874	Advertising	0.00
875	Insurance - Building and Contents	813.60
876	Insurance - Boiler and Machinery	0.00
877	Insurance - Bonds	0.00
880	Insurance - Umbrella	0.00
881	Insurance - Errors and Omissions	0.00
882	Insurance - General Liability	0.00
920-923	Utilities	4,317.60
931	Building Repair/Maintenance	2,883.17
934	Office Equipment Repair/Maintenance	0.00
942	Building Rental	0.00
955-956	Miscellaneous	20,342.15
966-967	Overhead	0.00
968	Depreciation - Buildings	0.00
968	Depreciation - Engineering Equipment	2,282.97
968	Depreciation - Office Equipment and Furniture	18,602.00
	Other:	6,176.35
	244. TOTAL	$589,821.95

Less: Credits to Administrative Expense

646	Handling Charges on Materials Sold	(12,702.69)
629	Overhead - State Trunkline Maintenance	(88,280.98)
691	Purchase Discounts	(429.18)
	Other:	0.00
	Total Credits to Administrative Expense	$(101,412.85)
	245. Net Administrative Expense	$488,409.10

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

Forest Road Report

This information is required by Act 231, P.A. of 1987, as amended.

Road Name	Location	Amount Spent ($)	Project Type
Alba Hwy (CR 620)	Chestonia	102,206.77	Reconstruction
	246. Total	$102,206.77	

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

CONSTRUCTION / CAPACITY IMPROVEMENTS / STRUCTURAL IMPROVEMENTS
Summary

CONSTRUCTION / CAPACITY IMPROVEMENTS

	Primary System				Local System		
	*Unit			Expenditures	*Unit		Expenditures
ROADS							
247. New Construction, New Location	0.00	mi.	x	$0.00	0.00	mi.	$0.00
248. Widening	0.00	mi.		0.00	0.00	mi.	0.00
BRIDGES							
249. New Location	0.00	ea.		0.00	0.00	ea.	0.00
250. TOTAL CONSTRUCTION/CAPACITY IMP				$0.00			$0.00

PRESERVATION - STRUCTURAL IMPROVEMENTS

	Primary System				Local System		
	*Unit			Expenditures	*Unit		Expenditures
ROADS							
251. Reconstruction	5.84	mi.	x	$1,896,921.87	0.00	mi.	$0.00
252. Resurfacing	2.48	mi.		312,929.04	2.19	mi.	308,844.69
253. Gravel Surfacing	0.00	mi.		0.00	2.49	mi.	289,784.97
254. Paving Gravel Roads	0.00	mi.		0.00	0.66	mi.	200,437.53
SAFETY PROJECTS							
255. Intersection Improvements	0.00	ea.		0.00	0.00	ea.	0.00
256. Railroad Crossing Improvements	0.00	ea.		0.00	0.00	ea.	0.00
257. Other	0.00	ea.		0.00	0.00	ea.	0.00
MISCELLANEOUS							
258. Roadside Parks	0.00	ea.		0.00	0.00	ea.	0.00
259. Other	0.00	ea.		0.00	0.00	ea.	0.00
260. Subtotals				2,209,850.91			799,067.19
BRIDGES							
261. Replacement	0.00	ea.		0.00	0.00	ea.	0.00
262. Recondition or Repair	0.00	ea.		0.00	0.00	ea.	0.00
263. Replace with Culvert	0.00	ea.		0.00	0.00	ea.	0.00
264. Bridge Subtotals				0.00			0.00
265. TOTAL PRESERVATION - STRUCT IMP				$2,209,850.91			$799,067.19

*All Units are to be reported in the Fiscal Year that the project is opened for use.

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

SCHEDULE OF TOWNSHIP MILEAGE AND POPULATION

	Local Roads			Primary Roads				
	Miles Outside Municipalities			Miles Outside Municipalities				
Township	**Total Local (mi)**	**Local Urban (mi)**	**Funds Received ($)**	**Total Primary (mi)**	**Primary Urban (mi)**	**Funds Received ($)**	**Population Outside Municipalities**	**Funds Received ($)**
BANKS	56.58	0.00	137,942.04	28.14	0.00	62,498.94	1,260	21,835.80
CENTRAL LAKE	37.13	0.00	90,522.94	20.11	0.00	44,664.31	1,246	21,593.18
CHESTONIA	32.30	0.00	78,747.40	5.94	0.00	13,192.74	511	8,855.63
CUSTER	45.41	0.00	110,709.58	14.93	0.00	33,159.53	1,136	19,686.88
ECHO	27.67	0.00	67,459.46	22.23	0.00	49,372.83	877	15,198.41
ELK RAPIDS	8.94	0.00	21,795.72	5.28	0.00	11,726.88	989	17,139.37
FOREST HOME	32.25	0.00	78,625.50	20.96	0.00	46,552.16	1,177	20,397.41
HELENA	25.40	0.00	61,925.20	17.16	0.00	38,112.36	1,001	17,347.33
JORDAN	28.79	0.00	70,190.02	10.95	0.00	24,319.95	992	17,191.36
KEARNEY	44.17	0.00	107,686.46	14.47	0.00	32,137.87	1,222	21,177.26
MANCELONA	145.74	0.00	355,314.13	17.64	0.00	39,178.44	3,010	52,163.30
MILTON	47.89	0.00	116,755.82	17.70	0.00	39,311.70	2,204	38,195.32
STAR	76.38	0.00	186,214.43	8.15	0.00	18,101.15	926	16,047.58
TORCH LAKE	19.36	0.00	47,199.68	5.05	0.00	11,216.05	1,194	20,692.02
WARNER	34.94	0.00	85,183.72	1.72	0.00	3,820.12	416	7,209.28
266. Totals	662.95	0.00	$1,616,272.10	210.43	0.00	$467,365.03	18,161	$314,730.13

Local Road Rate Per Mile	2438	Primary Road Rate Per Mile	2221
Local Urban Road Rate Per Mile	2117	Primary Urban Road Rate Per Mile	12704
Population Rate Per Capita	17.33		

Antrim

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

SCHEDULE OF TOWNSHIP EXPENDITURES AND CONTRIBUTIONS
Expenditures

Township	Construction/ Capacity Improvement ($)	Preservation - Struct Improvement ($)	Total ($)	Township Contributions* ($)
BANKS	0.00	880,073.87	880,073.87	79,878.03
CENTRAL LAKE	0.00	114,440.24	114,440.24	22,000.00
CHESTONIA	0.00	1,122,776.72	1,122,776.72	0.00
CUSTER	0.00	0.00	0.00	9,883.49
ECHO	0.00	139,207.92	139,207.92	86,616.52
ELK RAPIDS	0.00	3,855.88	3,855.88	61,200.00
FOREST HOME	0.00	112,965.87	112,965.87	107,217.53
HELENA	0.00	139,530.06	139,530.06	120,176.13
JORDAN	0.00	134,673.40	134,673.40	0.00
KEARNEY				
MANCELONA				
MILTON	0.00	321,647.16	321,647.16	275,569.01
STAR	0.00	39,155.81	39,155.81	33,016.67
TORCH LAKE	0.00	591.17	591.17	0.00
WARNER				
267. Totals	**$0.00**	**$3,008,918.10**	**$3,008,918.10**	**$795,557.38**

*The Township Contributions Totals and the Funds expended for Construction and Preservation amount may not balance. The Township Contributions list all funds contributed by each township and will balance back to the amount reported on the Statement of Revenues, Line 74, Township Contributions.

The total funds expended are for Construction and Preservation only. They do not contain funds expended for Routine Preventative Maintenance.

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

ASSET MANAGEMENT
Projects Completed During the County Fiscal Year

Work Type: Add 6" 23A & regrade

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
489.1813	119,130.00	09/13/2018	Gravel
489.1825	110,882.00	10/10/2018	Gravel

Work Type: Crush & Shape - 4" 22A, 2" 4E1 + 1.5" 5E1

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
459.1807	1,068,813.00	07/24/2018	Asphalt

Work Type: Overband crack fill

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
504.1855	10,982.00	09/13/2018	Asphalt

Work Type: Overlay - Ultrathin 83 PSY polymer

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
504.1814	39,895.00	07/03/2018	Asphalt
504.1816	55,303.00	07/05/2018	Asphalt

Work Type: Overlay - wedge + 1.5" 5E1 HMA

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
459.1809	133,529.00	07/26/2018	Asphalt
489.1819	96,240.00	08/06/2018	Asphalt
489.1827	85,712.00	07/10/2018	Asphalt
489.1829	109,594.00	07/02/2018	Asphalt

Year Ended - 2018

Start: 01/01/2018 **End:** 12/31/2018

Work Type: Pave gravel - 6" 22A, 220 PSY 4E1

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
489.1821	106,844.00	07/19/2018	Asphalt

Work Type: Pave Gravel - 6" 23A, 1.5" 4E1 + 1.5" 5E1

Project ID/Name	Total Project Cost	Date Open to Traffic	Pavement Type
489.1817	81,942.00	08/16/2018	Asphalt

Appendix B
Basic Financial Statements for 2018
(Audit)

Antrim County Road Commission

BASIC FINANCIAL STATEMENTS

December 31, 2018

ANTRIM COUNTY ROAD COMMISSION

BOARD OF COUNTY ROAD COMMISSIONERS

Glenn Paradis
Chairman

Fredrick Hunt Jr.
Vice Chairman

Godfrey Hoogerhyde
Commissioner

Burt R. Thompson, P.E.
Engineer/Manager

Dale E. Farrier
Office Manager

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	10
Statement of Activities	11
Balance Sheet	12
Reconciliation of the Balance Sheet Fund Balance to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balance	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Fund to the Statement of Activities	15
NOTES TO FINANCIAL STATEMENTS	16
REQUIRED SUPPLEMENTARY INFORMATION:	
Employee Retirement and Benefit Systems:	
Pension:	
Schedule of Changes in Pension Liability	33
Schedule of Employer Contributions	34
OPEB:	
Changes in the OPEB Liability	35
State of Michigan Public Acts 530 and 202 Information	36
Assumptions and Methods for Calculation of Actuarially Determined Contributions	37
Schedule of Amortization of Deferred Outflows/Inflows of Resources	39
Summary of Plan Provisions	40
Budgetary Comparison Schedules:	
Statement of Revenues – Budget and Actual	41
Statement of Expenditures – Budget and Actual	42
OTHER INFORMATION:	
Analysis of Changes in Fund Balances	43
Analysis of Revenues	44
Analysis of Expenditures	45

TABLE OF CONTENTS

Page

REPORT ON COMPLIANCE:

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* 46

Schedule of Findings and Responses 48

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of County Road Commissioners
Antrim County Road Commission
Mancelona, Michigan 49659

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Antrim County Road Commission (a component unit of Antrim County, Michigan) as of and for the year ended December 31, 2018, and related notes to the financial statements, which collectively comprise the Road Commission'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 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.

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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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Antrim County Road Commission, as of December 31, 2018, and the respective changes in financial position 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, employee retirement and benefit systems, budgetary comparison schedules on pages 4 through 9, pages 33 through 40 and pages 41 through 42 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 inquires 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 Antrim County Road Commission's basic financial statements. The schedules of analysis are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedules of analysis 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of County Road Commissioners
Antrim County Road Commission

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2019 on our consideration of the Antrim County Road Commission'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 solely 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 effectiveness of the Antrim County Road Commission's 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 Antrim County Road Commission's internal control over financial reporting and compliance.

Anderson Tackman & Co. PLC

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

April 23, 2019

Management's Discussion and Analysis

Using This Annual Report

Our discussion and analysis of Antrim County Road Commission's financial performance provides an overview of the Road Commission's financial activities for the calendar year ended December 31, 2018. This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Road Commission and present a longer-term view of the Road Commission's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the road commission's operations in more detail than a government-wide financial statement.

Overview of the Financial Statements

This annual report consists of five parts–management's discussion and analysis (this section), the basic financial statements, notes to financial statements, required supplementary information, and other information that presents the operating fund allocated between primary, local and county funds. The basic financial statements include two types of statements that present different views of the Road Commission:

The first two statements are government-wide financial statements that provide both long-term and short-term information about the Road Commission's overall financial status. These statements report information about the Road Commission as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, outflows, liabilities and inflows. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The two government-wide statements report the Road Commission's net position and how they have changed. "Net Position" is the difference between the assets, deferred outflows, liabilities and deferred inflows. This is one way to measure the Road Commission's financial health or position.

The remaining statements are fund financial statements that focus on individual funds; reporting the operations in more detail that the government-wide statements.

Reporting the Road Commission as a Whole

Government-Wide Statements

The Statement of Net Position and the Statement of Activities report information about the Road Commission, as a whole, and about its activities in a way that helps answer the question of whether the Road Commission, as a whole, is better off or worse off as a result of the year's activities. The Statement of Net Position includes all of the Road Commission's assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two statements, mentioned above, report the road commission's net position and how they have changed. The reader can think of the Road Commission's net position as one way to measure the Road Commission's financial health or financial position. Over time, increases or decreases in the road commission's net position is one indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the Road Commission you need to consider additional nonfinancial factors such as changes in the county's property tax base, the condition of the Road Commission's roads, and changes in the law related to the gas taxes and its distribution.

Fund Financial Statements

The Road Commission currently has only one fund, the general operations fund. All of the Road Commission's activities are accounted for in this fund. The general operations fund is a governmental fund type. Our analysis of the Road Commission's major fund begins on this page. The fund financial statements begin on page 12 and provide detailed information about the major fund.

Governmental funds focus on how money flows into and out of this fund and the balances left at year end that are available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Road Commission's general governmental operations and the basic service it provides. Governmental fund information helps the reader to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Road Commission's services. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental fund in a reconciliation following the fund financial statements.

The Road Commission as a Whole

The Road Commission's net position was $28,876,740 at December 31, 2018, a .77% increase over 2017. The net position is summarized below.

Net Position

Restricted net position is those assets that have constraints placed on them by either: a) by creditors, grantors, contributors, or laws or regulations of other governments; or b) 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 for only the specific purpose stipulated in the legislation. As such all assets (except for assets invested in capital assets) are considered restricted.

The net investment in capital assets was $34,607,379 at December 31, 2018 and $33,030,767 at December 31, 2017.

Net position as of years ended December 31, 2018 and 2017 are as follows:

	2018	2017
Current and Other Assets	$ 4,035,577	$ 3,004,177
Capital Assets	34,607,379	33,030,767
Total Assets	38,642,956	36,034,944
Deferred Outflows of Resources	707,104	366,139
Current Liabilities	673,164	406,243
Other Liabilities	9,759,087	7,143,491
Total Liabilities	10,432,251	7,549,734

The Road Commission as a Whole (Continued)

	2018	2017
Deferred Inflows of Resources	41,069	194,681
Net Position:		
Investment in Capital Assets	34,607,379	33,030,767
Unrestricted	(5,730,639)	(4,374,099)
Total Net Position	$ 28,876,740	$ 28,656,668

A summary of changes in net position for the years ended December 31, 2018 and 2017 follows:

	2018	2017
Program Revenues		
Charges for Services	$ 958,293	$ 1,023,849
Operating Grants, Capital Grants and Contributions	7,785,000	8,105,620
Interest Earnings and Other	100,721	26,128
Total Revenues	8,844,014	9,155,597
Program Expenses		
Primary Roads		
Maintenance	2,056,619	2,863,277
Local Roads		
Maintenance	2,716,640	2,868,890
State Trunkline	877,811	864,910
Equipment	312,339	200,529
Administrative and Other	542,220	494,522
Total Expenses	6,505,629	7,292,128
Changes in Net Position	2,338,385	1,863,469
Net Position – Beginning as Restated	26,538,355	26,793,199
Net Position – Ending	$ 28,876,740	$ 28,656,668

The Road Commission's Fund

The Road Commission's general operations fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the county which are earmarked by law for road and highway purposes.

A summary of changes in Operating Fund for the years ended December 31, 2018 and December 31, 2017 is as follows:

	2018	2017
Revenues:		
Licenses and Permits	$ 76,085	$ 65,369
Federal Sources	655,312	576,178
State Sources	6,331,023	4,893,039
Contributions from Local Units	798,663	2,636,403
Charges for Services	882,210	958,480
Interest Earnings and Rent	14,837	3,238
Gain (Loss) on Disposal	85,884	22,890
Total Revenues	8,844,014	9,155,597
Expenditures:		
Public Works	8,121,494	8,204,824
Capital Outlay	(93,063)	98,263
Total Expenditures	8,028,431	8,303,087
Excess of Revenues Over (Under) Expenditures	815,583	852,510
Fund Balance – January 1	2,546,830	1,694,320
Fund Balance – December 31	$ 3,362,413	$ 2,546,830

Budgetary Highlights

Prior to the beginning of any year, the Road Commission's budget is compiled based upon certain assumptions and facts available at that time. During the year, the Road Commission board acts to amend its budget to reflect changes in these original assumptions, facts and/or economic conditions that were unknown at the time the original budgets were compiled. In addition, by policy, the board reviews and authorizes large expenditures when requested throughout the year.

The final amended revenue budget for 2018 was less than actual revenues by $370,929. This was primarily due to an increase in state sources.

The final amended expenditure budget for 2018 was $397,431 under the actual expenditures primarily due to primary road costs.

Capital Asset and Debt Administration

Capital Assets

As of December 31, 2018 and 2017, the Road Commission had $34,607,379 and $33,030,767, respectively invested in capital assets as follows:

	2018	2017
Capital Assets Not Being Depreciated		
Land and Improvements	$ 247,786	$ 129,860
Infrastructure and Land Improvements	17,342,931	16,813,317
Total Capital Assets Not Being Depreciated	17,590,717	16,943,177
Capital Assets Being Depreciated		
Buildings	2,482,739	2,482,739
Road Equipment	8,114,755	8,416,495
Other Equipment and Assets	1,543,909	1,487,496
Infrastructure and Improvements	26,884,623	25,070,287
Total Capital Assets Being Depreciated	39,026,026	37,457,017
Total Accumulated Depreciation	(22,009,364)	(21,369,427)
Total Net Capital Assets	$ 34,607,379	$ 33,030,767

Major additions included the following:

Land	$ 117,926	$ -
Equipment	$ 608,620	$ 910,887
Infrastructure – Roads and Bridges	$ 3,008,918	$ 2,220,519

Debt

There were no installment purchase agreements entered into during 2018. All the equipment was acquired with Road Commission funds. The Road Commission did execute two operating leases.

Long-term debt includes accrued vacation and sick pay leave, retiree health insurance liability and net pension liability.

In 2018, the Road Commission does not anticipate borrowing or financing any debt related to the acquisition of capital assets.

Economic Factors and Next Year's Budget

The Board of County Road Commissioners, along with the Road Commission's fiscal and chief administrative officers, considered many factors when setting the calendar year 2019 budget. These factors included MTF collection forecasts, the economy, township contributions, MDOT's maintenance budget and various other items. We are projecting an increase in revenues for 2019 primarily due to State and Federal project revenue. The MTF funds are starting the year 2019 up from 2018 due to higher fuel tax collections and appropriations. Budget adjustments may be necessary during 2019 if these trends continue.

Contacting the Road Commission's Financial Management

This financial report is designed to provide the public, citizens and other interested parties a general overview of the road commission's finances and to show the road commission's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Antrim County Road Commission's administrative offices at 319 E. Lincoln St., P.O. Box 308, Mancelona, MI 49659, phone 231-587-8521.

Basic Financial Statements

Antrim County Road Commission

Statement of Net Position
December 31, 2018

ASSETS	
Cash and Equivalents	$ 2,092,065
Accounts Receivable:	
Michigan Transportation Fund	668,692
State Trunkline Maintenance	87,598
State Transportation - Other	492,729
Sundry Accounts	29,142
Inventories:	
Road Materials	453,469
Equipment, Parts and Materials	164,246
Prepaid Items	47,636
Capital Assets (Not Depreciated)	17,590,717
Capital Assets (Net of Accumulated Depreciation)	17,016,662
Total Assets	38,642,956
DEFERRED OUTFLOWS OF RESOURCES	
Pension & OPEB items	707,104
LIABILITIES	
Accounts Payable	65,334
Accrued Liabilities	32,909
Advances	574,921
Vested Employee Benefits - Due in more than one year	160,936
Other Post Employment Benefits - Due in more than one year	2,475,383
Net Pension Liability - Due in more than one year	7,122,768
Total Liabilities	10,432,251
DEFERRED INFLOWS OF RESOURCES	
Pension & OPEB items	41,069
NET POSITION	
Investment in Capital Assets	34,607,379
Unrestricted (Deficit)	(5,730,639)
Total Net Position	$ 28,876,740

See accompanying notes to financial statements.

Antrim County Road Commission

Statement of Activities
For the Year Ended December 31, 2018

Program Expenses:	
Primary Road Maintenance and Preventive Maintenance	$ 2,056,619
Local Road Maintenance and Preventive Maintenance	2,716,640
State Trunkline	877,811
Net Equipment Expense	312,339
Net Administrative Expense	488,410
Other	53,810
Total Program Expenses	6,505,629
Program Revenues:	
Charges for Services:	
Licenses and Permits	76,085
Charges for Services	882,208
Operating Grants and Contributions:	
State Grants	4,772,974
Contributions from Local Units	3,108
Interest Earnings	14,837
Capital Grants and Contributions:	
Federal Grants	655,312
State Grants	795,557
Contributions from Local Units	1,558,049
Total Program Revenues	8,758,130
Net Program Revenues (Expenses)	2,252,501
General Revenues:	
Gain (Loss) on Disposal	85,884
Total General Revenues	85,884
Change in Net Position	2,338,385
Net Position - Beginning Balance as Restated	26,538,355
Net Position - Ending Balance	$ 28,876,740

See accompanying notes to financial statements.

Antrim County Road Commission

Balance Sheet
December 31, 2018

	Governmental Fund Type General Operating Fund
ASSETS	
Cash and Equivalents	$ 2,092,065
Accounts Receivable:	
Michigan Transportation Fund	668,692
State Trunkline Maintenance	87,598
State Transportation - Other	492,729
Sundry Accounts	29,142
Inventories:	
Road Materials	453,469
Equipment, Parts and Materials	164,246
Prepaid Items	47,636
Total Assets	$ 4,035,577
LIABILITIES	
Accounts Payable	$ 65,334
Accrued Liabilities	32,909
Advances	574,921
Total Liabilities	673,164
FUND BALANCE	
Nonspendable	665,351
Unassigned	2,697,062
Total Fund Balance	$ 3,362,413

See accompanying notes to financial statements.

Reconciliation of the Balance Sheet Fund Balance to the Statement of Net Position For the Year Ended December 31, 2018

Total Governmental Fund Balance	$ 3,362,413
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	34,607,379
Net pension liability requirement.	(7,122,768)
Deferred outflows resulting from Pension & OPEB items	707,104
Deferred inflows resulting from Pension & OPEB items	(41,069)
Other long-term liabilities are not available to pay in the current period and therefore are not reported in the funds.	(2,636,319)
Net Position of Governmental Activities	$ 28,876,740

See accompanying notes to financial statements.

Antrim County Road Commission

Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended December 31, 2018

	Governmental Fund Type
	General Operating Fund
Revenues	
Licenses and Permits	$ 76,085
Federal Sources	655,312
State Sources	6,331,023
Contributions from Local Units	798,663
Charges for Services	882,210
Interest Earnings and Rent	14,837
Other Revenue	85,884
Total Revenues	8,844,014
Expenditures	
Public Works	8,121,494
Capital Outlay	(93,063)
Total Expenditures	8,028,431
Excess of Revenues Over (Under) Expenditures	815,583
Fund Balance - Beginning of Year	2,546,830
Fund Balance - End of Year	$ 3,362,413

See accompanying notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balance - Total Governmental Funds	$	815,583
Amounts reported for governmental activities in the statements are different because:		
Governmental funds report capital outlays and infrastructure costs as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		1,576,612
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(53,810)
Net Change in Net Position of Governmental Activities	$	2,338,385

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Antrim County Road Commission conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the Antrim County Road Commission.

A. Reporting Entity

The Antrim County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by a three-member Board of County Road Commissioners appointed by the Antrim County Board of County Commissioners. The Road Commission may not issue debt without the County's approval and property tax levies are subject to County Board of Commissioners' approval.

The criteria established by the Governmental Accounting Standards Board (GASB) Statement Number 14 and as amended by GASB No. 61, "The Financial Reporting Entity," for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading if the component unit data were not included. Based on the above criteria, these financial statements present the Antrim County Road Commission as a discretely presented component unit of Antrim County.

The Road Commission Operating Fund is used to control the expenditures of Michigan Transportation Fund monies distributed to the County, which are earmarked by law for street and highway purposes. The Board of County Road Commissioners is responsible for administration of the Road Commission Operating Fund.

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 activities of the Antrim County Road Commission. There is only one fund reported in the government-wide financial statements.

The statement of net position presents the Road Commission's assets, outflows, liabilities and inflows with the difference being reported as either net investment in capital assets or unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 the operating fund (governmental fund). The operating fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Amounts reported as program revenue include: (1) charges to customer or applicants for goods or services or privileges provided; (2) Michigan transportation funds, State/Federal contracts and township contributions. Internally dedicated resources are reported as general revenue rather than as program revenue.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to vested employee benefits and claims and judgments, are recorded only when payment is due.

Michigan transportation funds, grants, permits, township contributions and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Cash and Equivalents

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. Deposits are recorded at cost.

Inventories

Inventories are priced at cost as determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs and operations as used.

Prepaid Items

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, infrastructure assets (e.g., roads, bridges and similar items), are reported in the operating fund in the government-wide financial statements. Capital assets are defined by the Antrim County Road Commission as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement 34 requires major networks and major subsystems of infrastructure assets acquired, donated, constructed, or substantially rehabilitated since fiscal years ending June 30, 1980 be inventoried and capitalized by the fourth anniversary of the mandated date of adoption of the other provisions of GASB Statement No. 34. The Antrim County Road Commission has capitalized the current year's infrastructure, as required by GASB Statement 34, and has reported the infrastructure assets in the statement of net position.

Depreciation

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings	30 to 50 years
Equipment - Road	5 to 8 years
Equipment - Office	4 to 10 years
Equipment - Shop	10 years
Equipment - Engineering	4 to 10 years
Equipment – Yard and Storage	4 to 10 years
Infrastructure – Roads	8 to 30 years
Infrastructure – Bridges	12 to 50 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the operating fund statement of net position.

Pensions and Other Post Employment Benefits

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources, and pension and fringe expense, information about the fiduciary net position of the Plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the actuaries. 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 Road Commission has pension and OPEB 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 Road Commission has pension and OPEB items that qualify for reporting in this category.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, outflows, liabilities and inflows affect the disclosure of contingent assets and liabilities at the date of the financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

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 Road Commission 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 Commission has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year.

- 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 Board. These amounts cannot be used for any other purpose unless the Board 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 Board's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The Board 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures

Budgetary procedures are established pursuant to PA 621 of 1978, as amended, (MCL 141.421) which requires the County Board of Road Commissioners to approve a budget for the County Road Fund. The Manager prepares a budget in accordance with the Act which is adopted by the Board at a public hearing each December. All budgets lapse at fiscal year end.

Budget Violations

Public Act 621 of 1978, as amended, requires budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget. Expenditures that exceeded appropriations by material amounts are listed on page 42.

NOTE 3 - CASH AND EQUIVALENTS

The cash and equivalents are classified by GASB Statement No. 40 in the following categories:

Balance Sheet Account		Cash Items	
Cash and Equivalents	$ 2,092,065	Imprest Cash	$ 200
		Checking & Savings	2,091,865
	$ 2,092,065		$ 2,092,065

Investments – Public Act 152 as amended, authorized the Commission to deposit and invest in the following:

(a) Bonds and other direct obligations of the United States or its agencies.
(b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the National Credit Union Administration that are eligible to be depository of surplus money belonging to the State under Section 5 or 6 of Act 105, PA 1855, as amended (MCL 21.145 and 21.146).
(c) Commercial paper rated at time of purchase within the three highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase and not more than 50 percent of any fund may be invested in commercial paper at any time.
(d) United States government or Federal agency obligation repurchase agreements.
(e) Bankers' acceptance of United States banks.
(f) Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
(g) Mutual funds registered under the investment company act of 1940, 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.

NOTE 3 - CASH AND EQUIVALENTS (Continued)

(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.

The Road commission has OPEB trust investments at December 31, 2018.

The Road Commission has adopted the County's investment policy, which is in accordance with the provisions of Public Act 196 of 1997.

Interest rate risk. The Road Commission does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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 Road Commission has no investment policy that would further limit its investment choices.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the Road Commission's deposits may not be returned. State law does not require and the Road Commission does not have a policy for deposit custodial credit risk. As of year end, $1,869,543 of the Road Commission's bank balance of $2,141,292 was exposed to credit risk because it was uninsured and uncollateralized.

Fair value measurement. The Road Commission 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.

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 Road Commission's assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

NOTE 4 - ADVANCES

State equipment purchase advance is determined by a formula applied to the book value of equipment of the previous fiscal year. This amount is adjusted each fiscal year in accordance with the formula and would be refunded to the State Department of Transportation upon termination of the State Highway Maintenance Contract. At December 31, 2018, the amount was $304,144.

During 2018, the State had advanced $71,652 on the routine maintenance agreement, which would be refunded to the State Department of Transportation upon termination of the contract. Additionally, various townships have advanced $199,125 in future funding of road projects.

NOTE 5 - FEDERAL REVENUE/EXPENDITURES

Most Federal dollars recorded by the Antrim County Road Commission in prior years were for projects controlled by the Michigan Department of Transportation (MDOT). Federal compliance testing of these funds will be included in the Single Audit of MDOT and not at the local road commission level. A Single Audit therefore is not required for the Antrim County Road Commission. Federal revenues totaled $655,312 for 2018, all of which were MDOT administered projects.

NOTE 6 - CAPITAL ASSETS

Capital asset activity of the Antrim County Road Commission for the current year was as follows:

	Beginning Balances 01/01/18	Additions	Adjustments/ Deductions	Ending Balances 12/31/18
Capital Assets (Nondepreciable)				
Land	$ 129,860	$ 117,926	$ -	$ 247,786
Infrastructure and Land Improvements	16,813,317	529,614	-	17,342,931
Subtotal	16,943,177	647,540	-	17,590,717
Capital Assets (Depreciable)				
Buildings	2,482,739	-	-	2,482,739
Equipment - Road	8,416,495	506,350	808,090	8,114,755
Equipment - Shop	261,412	41,064	12,500	289,976
Equipment - Office	149,770	26,258	33,357	142,671
Equipment - Engineering	59,015	8,916	-	67,931
Equipment – Yard and Storage	1,017,299	26,032	-	1,043,331
Infrastructure - Bridges	2,387,819	-	-	2,387,819
Infrastructure – Roads	22,682,468	2,479,304	664,968	24,496,804
Subtotal	37,457,017	3,087,924	1,518,915	39,026,026
Less Accumulated Depreciation				
Buildings	1,325,490	55,305	-	1,380,795
Equipment - Road	6,407,799	636,353	739,626	6,304,526
Equipment - Shop	191,379	11,736	12,500	190,615
Equipment - Office	85,026	18,602	14,455	89,173
Equipment - Engineering	55,481	2,283	-	57,764
Equipment – Yard and Storage	945,822	7,964	-	953,786
Infrastructure - Bridges	716,134	66,338	-	782,472
Infrastructure – Roads	11,642,296	1,272,905	664,968	12,250,233
Subtotal	21,369,427	2,071,486	1,431,549	22,009,364
Net Capital Assets - Depreciated	16,087,590	1,016,438	(87,366)	17,016,662
Total Net Capital Assets	$ 33,030,767	$ 1,663,978	$ (87,366)	$ 34,607,379

NOTE 6 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to the following programs:

Primary Road	$	642,735
Local Road		696,508
Equipment		636,353
Administrative		20,885
Allocated		75,005
Total Depreciation Expense	$	2,071,486

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

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 multiplied 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, 2017.

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	
	2017 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 NonUni: Open Division	
	2017 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, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	2
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 35.37% and 48.48% of payroll for union and nonunion employees, respectively.

Net Pension Liability

The Road Commission's net pension liability was measured as of December 31, 2017, 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, 2017 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.

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	55.5%	3.41%
Global Fixed Income	18.5%	0.23%
Real Assets	13.5%	0.97%
Diversifying Strategies	12.5%	0.03%

Discount Rate. The discount rate used to measure the total pension liability is 8.0%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will 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, 2017	$ 13,882,954	$ 7,237,314	$ 6,645,640
Service cost	165,806	-	165,806
Interest on total pension liability	1,084,955	-	1,084,955
Changes in benefits	(458)	-	(458)
Difference between expected and actual experience	(124,605)	-	(124,605)
Changes in assumptions	-	-	-
Employer contributions	-	876,622	(876,622)
Employee contributions	-	47,020	(47,020)
Net investment income	-	(292,707)	292,707
Benefit payments, including employee refunds	(807,833)	(807,833)	-
Administrative expense	-	(14,207)	14,207
Other changes	(31,842)	-	(31,842)
Net changes	286,023	(191,105)	477,128
Balances as of December 31, 2018	$ 14,168,977	$ 7,046,209	$ 7,122,768

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 12/31/2018:	$8,580,183	$7,122,768	$5,871,373

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, 2018, the Road Commission recognized pension expense of $902,206. At December 31, 2018, 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	$ -	$ 16,400
Changes in assumptions	147,414	-
Net difference between projected and actual earnings on pension plan investments	543,093	-
Total	$ 690,507	$ 16,400

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:	
2019	$ 299,609
2020	91,519
2021	107,828
2022	175,151

Annual Pension Costs – For the year ended December 31, 2018, the Antrim County Road Commission's pension cost of $623,664 for the plan was equal to the required contribution. The annual contribution was determined as part of an actuarial valuation as of December 31, 2016, 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 23 years.

NOTE 8 - RISK MANAGEMENT

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.

NOTE 8 - RISK MANAGEMENT (Continued)

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 9 -LONG-TERM DEBT

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	$ 159,573	$ 1,363	$ 160,936

Vested employee benefits are for accumulated personal, sick and vacation days.

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.

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 10 - OTHER POST EMPLOYMENT BENEFITS

Plan Description - The Road Commission administers a single-employer defined benefit healthcare plan. The retiree is then responsible for the cost of health insurance for his/her spouse and/or children. Benefit provisions are established and may be amended by the Board of County Road Commissioners. The Plan does not issue a publicly available report.

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 38 retirees receiving benefits with an approximate annual cost of $91,800. This benefit is not available for anyone hired after July 1, 2014.

Funding Policy - Contribution requirements are negotiated between the Commission and employees. The Commission contributes 100% of the cost for eligible plan members. For fiscal year 2018, the Commission contributed $64,204 to the plan.

Employees Covered by Benefit Terms

As of December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	38
Active employees	27
Total participants covered by OPEB Plan	65

Total OPEB Liability and Trust Assets - The Road Commission's total OPEB liability of $2,475,383 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

As of December 31, 2018, there was no assets in the Road Commission's OPEB trust.

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of December 31, 2018 and the following actuarial assumptions, applies to all periods included in the measurement:

Inflation	Implicit in expected payroll increases
Salary Increases	3.50%
Investment rate of return	Not applicable
20-year Aa Municipal bond rate	3.05%
Mortality	RP–2014 adjusted to 2006 Total Data Set with MP–2018 sex distinct mortality.

The long-term expected rate of return on retirement plan investments was not determined.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 3.0%. Because the plan does not have a dedicated OPEB trust, there are not assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "*depletion date*"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. December 31, 2018 is the first year of compliance with GASB 75, so there is no require discount rate change to disclose. For purposes of reconciliation from prior valuation assumptions, the beginning of year liability reflects a discount rate of 3.15% to reflect the Municipal bond rate then in effect.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2017	$ 2,456,591	$ -	$ 2,456,591
Service cost	25,591	-	25,591
Interest	77,178	-	77,178
Difference between expected and actual experience	(60,423)	-	(60,423)
Changes in assuptions	40,650	-	40,650
Contributions - employer	-	64,204	(64,204)
Benefit payments	(64,204)	(64,204)	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	18,792	-	18,792
Balances as December 31, 2018	$ 2,475,383	$ -	$ 2,475,383

Net OPEB Liability – Discount and Trend Rate Sensitivities – The following presents the net OPEB Liability (NOL) of the Road Commission, calculated using trend and discount rates 1% higher and lower than base assumptions:

Trend benefits are fixed payments and not subject to healthcare rates.

Discount

	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$ 2,810,551	$ 2,475,383	$ 2,203,249

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense

Components of Road Commission's OPEB Expense for the fiscal year ending December 31, 2018 are as follows:

Service Cost	$ 25,591
Interest on Total OPEB Liability	77,178
Experience (Gains)/Losses	(35,754)
Changes of Assumptions	24,053
Administrative Expenses	-
Other Changes in Fiduciary Net Position	-
Total OPEB Expense	$ 91,068

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	$ -	$ 24,669
Changes in Assumptions	16,597	-
Total	$ 16,597	$ 24,669

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2019	$ (8,072)

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Grants – The Road Commission has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the Road Commission.

The Road Commission from time to time is named as a defendant in accident claims and lawsuits requesting damages of various amounts, the majority of which do not state a specific maximum. Insurance coverage related to these claims and lawsuits, if any, is categorized under the general liability insurance program. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission's current liability for these matters, if any, have been recorded.

NOTE 11 - COMMITMENTS AND CONTINGENCIES (Continued)

There are nonaccident liability and condemnation lawsuits currently pending against the Road Commission claiming amounts for damages and relief without stated limitations. It is the opinion of management and legal counsel that reasonable estimates of the Road Commission's current liability for these matters, if any, have been recorded.

NOTE 12 - SUBSEQUENT EVENT

During January 2018, the Road Commission authorized and executed truck and equipment purchases in the amount of approximately $313,000.

NOTE 13 - EQUIPMENT LEASES

The Road Commission has entered into cancelable operating equipment leases as follows:

Equipment Item	Lease Date	Lease Maturity Date	Annual Lease Payment	Guaranteed Purchase Amount
JD 672GP Motor Grader	05/15/18	05/15/2023	$ 31,673	$ 213,030
JD 672GP Motor Grader	05/15/18	05/15/2023	26,993	213,030

Rent expense for fiscal 2018 was zero.

Subsequent maturities are as follows for lease commitments:

2019	$ 58,666
2020	58,666
2021	58,666
2022	58,666

NOTE 14- RESTATEMENT

	Governmental Net Position
Beginning net position as previously stated at January 1, 2018	$ 28,656,668
Restatement of Net Position – for implementation of GASB 75 – OPEB cumulative effect	(2,118,313)
Beginning net position as restated at January 1, 2018	$ 26,538,355

Required Supplementary Information

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Changes in Pension Liability
For the Year Ended December 31, 2018

	2015	2016	2017	2018
Total pension liability				
Service cost	$ 150,184	$ 152,349	$ 165,238	$ 165,806
Interest	987,193	1,011,984	1,036,197	1,084,955
Changes in benefits	-	589,653	-	(458)
Difference between expected and actual experience	-	(229,531)	248,105	(124,605)
Changes in assumptions	-	589,653	-	-
Other changes	(12,464)	(24,375)	(31,884)	(31,842)
Benefit payments, including refund of member contributions	(819,043)	(831,957)	(809,097)	(807,833)
Net change in total pension liability	305,870	1,257,776	608,559	286,023
Total pension liability - beginning	12,300,402	12,606,272	13,274,395	13,882,954
Total pension liability - ending	$ 12,606,272	$ 13,864,048	$ 13,882,954	$ 14,168,977
Plan fiduciary net position				
Contributions - employer	$ 662,974	$ 688,212	$ 795,116	$ 876,622
Contributions - employee	(2,306)	-	15,608	47,020
Net investment income	(89,576)	663,785	848,217	(292,707)
Benefit payments, including refunds of member contributions	(819,043)	(831,957)	(809,097)	(807,833)
Administrative expense	(13,323)	(13,118)	(13,409)	(14,207)
Net change in plan fiduciary net position	(261,274)	506,922	836,435	(191,105)
Plan fiduciary net position - beginning	6,155,231	5,893,957	6,400,879	7,237,314
Plan fiduciary net position - ending	$ 5,893,957	$ 6,400,879	$ 7,237,314	$ 7,046,209
Net pension liability - ending	$ 6,712,315	$ 7,463,169	$ 6,645,640	$ 7,122,768
Plan fiduciary net position as a percentage of the total pension liability	47%	46%	52%	50%
Covered - employee payroll	$ 1,429,116	$ 1,403,749	$ 1,489,486	$ 1,525,367
Net pension liability as a percentage of covered-employee payroll	470%	532%	446%	467%

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Employer Contributions
For the Year Ended December 31, 2018

	2015	2016	2017	2018
Actuarially determined contribution	$ 479,544	$ 518,232	$ 617,664	$ 623,664
Contributions in relation to the actuarially determined contribution	(662,974)	(688,212)	(795,116)	(876,622)
Contribution deficiency (excess)	$ (183,430)	$ (169,980)	$ (177,452)	$ (252,958)
Covered - employee payroll	$ 1,316,387	$ 1,429,116	$ 1,403,749	$ 1,489,486
Contributions as a percentage of covered-employee payroll	50%	48%	57%	59%

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 normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	10-years smoothed market
Inflation	2.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.75%
Retirement age	In the 2017 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the RP-2014 Table Blended 50% Male / 50% Female

Employee Retirement and Benefit Systems
Required Supplementary Information
Changes in the OPEB Liability
For the Year Ended December 31, 2018

	2018
Total OPEB Liability - Beginning of Year	$ 2,456,591
Service cost	25,591
Interest	77,178
Change in assumptions	40,650
Differences between actual and expected experience	(60,423)
Benefit payments	(64,204)
Total OPEB Liability - End of Year	2,475,383
Plan fiduciary net position	
Contributions - employer	64,204
Benefits payments, including refunds of member contributions	(64,204)
Administrative expense	-
Net change in plan fiduciary net position	-
Plan fiduciary net position - Beginning of Year	-
Plan fiduciary net position - End of Year	-
Net OPEB liability - End of Year	$ 2,475,383
Plan fiduciary net position as a percentage of the total OPEB liability	0.0%
Covered Payroll	Not available
Net OPEB liability as a percentage of covered payroll	Not available
Schedule of Employer Contributions	
Normal cost	$ 25,591
Interest cost	12,071
Amortization of unfunded liability	357,632
Actuarially determined employer contribution	395,294
Employer contribution	-
Contribution deficiency/(excess)	$ 395,294
Covered Payroll	Not available
Contribution as percentage of covered payroll	Not available

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Asset valuation method	Not applicable
Discount rate	3.00%
Salary increases	3.50%
Investment rate of return	Not applicable
PA 202 discount rate	3.00%
Mortality rate	RP-2014 adjusted to 2006 total data set with MP-2018 sex distinct mortality

Employee Retirement and Benefit Systems
Required Supplementary Information
State of Michigan Public Acts 530 and 202 Information
For the Year Ended December 31, 2018

Financial Information	
Assets (Fiduciary Net Position)	$ -
Liabilities (Total OPEB Liability)	2,475,383
Funded ratio for the plan year	0.0%
Actuarially recommended contribution (ARC)	154,173
Is ARC calculated in compliance with No. Letter 2018-3?	Yes

Membership	
Active members	27
Retirees and beneficiaries	38
Premiums paid on behalf of the retirants	64,204

Actuarial Assumptions	
Actuarially assumed rate of investment return	N/A
Discount rate	3.0%
Amortization method used for funding unfunded liability	Level dollar
Amortization period used for funding unfunded liability	30 years
Is each division closed to new employees	Yes
Healthcare inflation assumptions	N/A

Uniform Assumptions	
Actuarial value of assets using uniform assumptions	$ -
Actuarial accrued liability using uniform assumptions	2,475,383
Funded ratio using uniform assumptions	0.0%
Actuarially determined contribution (ADC) using uniform assumptions	156,478

Information for Summary Report (minimum required contribution)	
Retiree insurance premiums for the year	64,204
Normal cost as a percent of covered payroll	2.0%
Covered payroll for employees hired after June 30, 2018	Not available
Normal cost for employees hired after June 30, 2018	Not available
Minimum required contribution under PA 202	64,204

Employee Retirement and Benefit Systems
Required Supplementary Information
Assumptions and Methods for Calculation of Actuarially Determined Contributions
For the Year Ended December 31, 2018

Valuation Date	December 31, 2017 rolled forward to December 31, 2018
Actuarial Methods	
Cost method	Entry Age Normal (level percentage)
Amortization method	Level dollar for 2019, closed
Remaining amortization period	7 years (average future service)
Asset valuation method	N/A; Plan is not prefunded

Actuarial Assumptions

Discount rate - 3.15% for December 31, 2018 contribution and 3.0% for 2018 disclosure
Rationale - 3.0% is based on Uniform Assumptions under PA 202 and consistent with 20 year Aa Municipal bond rate

Salary scale - 2.5% for 2018 contribution; 3.5% for 2018 disclosure
Rationale - Expected future pay increases for 2018 consistent with PA 202

Return on plan assets - N/A; Plan is not prefunded

Mortality rates - RPH Mortality with 2017 Mortality projection post retirement only for 2018 contribution
Rationale - Reflects contemporary mortality studies and trends

Utilization - 100% of eligible employees will elect coverage at retirement; actual coverage used for non-active
Rationale - Benefits are provided at no cost to retirees

Turnover rates - Sample rates below:
Rationale - Based on the GASB recommended turnover

Age	Rate (%)
25	6.8%
30	4.7%
35	3.2%
40	2.2%
45	1.6%

Retirement rates - 100% at earliest retirement eligibility
Rationale - Conservative and consistent with Road Commission experience

Marital assumptions - Actual marital status and spouse date of birth used for both active retirees

Retiree Annual costs

	Pre-65	Medicare eligible
First 3 years of retirement	$ 3,000	$ 2,400

Rationale - Based on stipend amount currently provided and reported by the Road Commission

Medical inflation rate - N/A; stipend only provided

Employee Retirement and Benefit Systems
Required Supplementary Information
Assumptions and Methods for Calculation of Actuarially Determined Contributions
For the Year Ended December 31, 2018

Implicit Subsidy - N/A; if retirees participate in employer plan, premiums are age-banded reflecting higher costs at older ages

Impact of Healthcare Reform - It is not anticipated that this will impact the level of benefits provided as it is a stipend only plan

Assumption changes since prior valuation

- Mortality improvement updated from 2017 to 2018 rates
- Lowered discount rate from 3.15% to 3.0%
- Inflation/anticipated long-term wage increases raised from 2.5% to 3.5%

Data Collection - All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Amortization of Deferred Outflows/Inflows of Resources
For the Year Ended December 31, 2018

Schedule of Difference between Actual and Expected Experience

Year	Difference between actual and expected experience	Recognition period (Years)	Amount Recognized in Year Ended December 31, 2018	2019	2020	2021	2022	2023+	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	(60,423)	1.69	$ (35,754)	$ (24,669)	$ -	$ -	$ -	$ -	$ -	$ (24,669)
Net recognized in OPEB expense			$ (35,754)	$ (24,669)	$ -	$ -	$ -	$ -	$ -	$ (24,669)

Schedule of Changes in Assumptions

Year	Changes in assumptions	Recognition period (Years)	Amount Recognized in Year Ended December 31, 2018	2019	2020	2021	2022	2023+	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	40,650	1.69	$ 24,053	$ 16,597	$ -	$ -	$ -	$ -	$ 16,597	$ -
Net recognized in OPEB expense			$ 24,053	$ 16,597	$ -	$ -	$ -	$ -	$ 16,597	$ -

Schedule of Differences between Projected and Actual Earnings on OPEB Assets

Year	Difference between projected and actual earnings on OPEB assets	Recognition period (Years)	Amount Recognized in Year Ended December 31, 2018	2019	2020	2021	2022	2023+	Deferred Outflows of Resources	Deferred Inflows of Resources
2018	-	5	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net recognized in OPEB expense			$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Total Deferred Outflow/(Inflow) of Resources

	Amount Recognized in Year Ended December 31, 2019	2020	2021	2022	2023
Total Deferred Outflow/(Inflow) of Resources	$ (8,072)	$ -	$ -	$ -	$ -

Employee Retirement and Benefit Systems
Required Supplementary Information
Summary of Plan Provisions
For the Year Ended December 31, 2018

Plan name - Antrim County Road Commission Retiree Health Care Plan

Eligibility requirements - Age 55 with 10 years of service

Employee benefits

Retire prior to July 1, 1999
Eligible retiree and surviving spouse (if any) has $150 per month contributed towards the employee and spouse coverage

Retire between July 1, 1999 and July 1, 2013
Eligible retiree and surviving spouse (if any) has $200 per month contributed towards the employee and spouse coverage

Hired on or after July 1, 2014
No benefits available under this plan

Retiree contribution - Balance of any cost not covered by the provided stipend

Changes since prior valuation - None

Required Supplementary Information
Budgetary Comparison Schedule
Statement of Revenues - Budget and Actual
For the Year Ended December 31, 2018

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Licenses and Permits	$ 25,000	$ -	$ 76,085	$ 76,085
Federal Sources	400,000	1,184,791	655,312	(529,479)
State Sources				
Michigan Transportation Fund				
Engineering	10,000	10,000	10,000	-
Allocation	4,170,000	4,800,000	4,742,545	(57,455)
Snow Removal	330,000	433,088	433,089	1
Other	-	-	946,799	946,799
Forest Road	60,000	100,000	96,383	(3,617)
Rural Primary	100,000	102,206	102,207	1
Contributions from Local Units	1,400,000	800,000	798,663	(1,337)
Charges for Services	604,000	1,026,000	882,210	(143,790)
Interest Earnings and Rent	-	17,000	14,837	(2,163)
Other Revenue				
Gain (Loss) on Disposal	-	-	85,884	85,884
Total Revenues	$ 7,099,000	$ 8,473,085	$ 8,844,014	$ 370,929

Required Supplementary Information
Budgetary Comparison Schedule
Statement of Expenditures - Budget and Actual
For the Year Ended December 31, 2018

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Primary Road				
Preservation/Structural Improvements	$ 1,000,000	$ 1,950,000	$ 2,209,851	$ (259,851)
Maintenance	1,360,000	1,250,000	1,413,884	(163,884)
Local Road				
Preservation/Structural Improvements	1,600,000	775,000	799,067	(24,067)
Maintenance	1,900,000	1,750,000	2,020,132	(270,132)
Trunkline Maintenance	600,000	940,000	790,387	149,613
Trunkline Nonmaintenance	4,000	86,000	87,424	(1,424)
Administrative Expense - Net	435,000	430,000	488,410	(58,410)
Equipment Expense - Net	200,000	200,000	312,339	(112,339)
Capital Outlay - Net	100,000	250,000	(93,063)	343,063
Total Expenditures	$ 7,199,000	$ 7,631,000	$ 8,028,431	$ (397,431)

Other Information

Other Information
Analysis of Changes in Fund Balance
For the Year Ended December 31, 2018

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Total Revenues	$ 3,996,117	$ 2,844,163	$ 2,003,734	$ 8,844,014
Total Expenditures	3,988,310	3,201,201	838,920	8,028,431
Excess of Revenues Over (Under) Expenditures	7,807	(357,038)	1,164,814	815,583
Optional Transfers and Adjustments	(360,000)	360,000	-	-
Fund Balance - January 1, 2018	887,172	3,147	1,656,511	2,546,830
Fund Balance - December 31, 2018	$ 534,979	$ 6,109	$ 2,821,325	$ 3,362,413

Other Information
Analysis of Revenues
For the Year Ended December 31, 2018

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Licenses and Permits	$ -	$ -	$ 76,085	$ 76,085
Federal Sources				
Surface Transportation Program	655,312	-	-	655,312
State Sources				
Michigan Transportation Fund				
Engineering	5,929	4,071	-	10,000
Allocation	2,811,721	1,930,824	-	4,742,545
Snow Removal	199,221	233,868	-	433,089
Other	-	-	946,799	946,799
Forest Road	96,383	-	-	96,383
Rural Primary	102,207	-	-	102,207
Contributions from Local Units				
Townships	120,176	675,381	-	795,557
Other	-	-	3,106	3,106
Charges for Services				
Trunkline Maintenance	-	-	790,438	790,438
Trunkline Nonmaintenance	-	-	87,425	87,425
Salvage Sales	-	-	4,347	4,347
Interest and Rents				
Interest Earnings	5,168	19	9,650	14,837
Other Revenue				
Gain on Equipment Disposals	-	-	85,884	85,884
Total Revenues	$ 3,996,117	$ 2,844,163	$ 2,003,734	$ 8,844,014

Other Information
Analysis of Expenditures
For the Year Ended December 31, 2018

	Primary Road Fund	Local Road Fund	County Road Commission	Total
Primary Road				
Preservation/Structural Improvements	$ 2,209,851	$ -	$ -	$ 2,209,851
Maintenance	1,413,884	-	-	1,413,884
Local Road				
Preservation/Structural Improvements	-	799,067	-	799,067
Maintenance	-	2,020,132	-	2,020,132
Trunkline Maintenance	-	-	790,387	790,387
Trunkline Nonmaintenance	-	-	87,424	87,424
Administrative Expense - Net	274,699	213,711	-	488,410
Equipment Expense - Net	89,876	168,291	54,172	312,339
Capital Outlay - Net	-	-	(93,063)	(93,063)
Total Expenditures	$ 3,988,310	$ 3,201,201	$ 838,920	$ 8,028,431

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
LESLIE BOHN, 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*

Board of County Road Commissioners
Antrim County Road Commission
Mancelona, Michigan 49659

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 and major fund of the Antrim County Road Commission (a component unit of Antrim County, Michigan), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Antrim County Road Commission's (a component unit of Antrim County, Michigan) basic financial statements and have issued our report thereon dated April 23, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Antrim County Road Commission'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 Antrim County Road Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Antrim County Road Commission'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.

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 certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies listed as 2018-001 and 2018-002.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Antrim County Road Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as items 2018-002.

Antrim County Road Commission Response to Findings

The Antrim County Road Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Antrim County Road Commission's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

April 23, 2019

Significant Deficiency - Internal Control

Segregation of Duties ***Finding 2018-001***

Statement of Condition/Criteria: The Road Commission Office Manager performs several functions of receipting, disbursing, and posting to the general ledger. To provide a system of checks and balances, these functions are generally assigned to separate positions to minimize the potential for unauthorized transactions.

Effect: Lack of segregation of duties provides opportunities for inaccurate or unauthorized disbursements or transfers from road funds and increases the potential for inaccurate reporting of account activity.

Cause: Sufficient resources and staff are not available to adequately segregate these functions. Additionally, the benefit of separating these duties does not appear to exceed the costs associated with the added personnel.

Recommendation: The Board should be aware of the potential weakness in the system and provide appropriate oversight or assistance to personnel when cost beneficial.

Planned Corrective Action: The Board has implemented compensating controls to reduce the risks discussed above such as dual signature checks and account reviews.

- *Contact Person(s) Responsible for Correction:*
  Burt Thompson, Manager

Significant Deficiency – Noncompliance with State Statutes

Expenditures in Excess of Appropriations—Budgetary Funds ***Finding 2018-002***

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Section 16 of Public Act 2 of 1968, as amended.

Condition: Our examination of procedures used by the Road Commission to adopt and maintain operating budgets for the Road Commission's budgetary fund revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act.

The Road Commission's 2018 General Appropriations Act (budget) provided for expenditures of the General Fund to be controlled to the activity level. As detailed, actual 2018 expenditures exceeded the board's approved budget allocations for some general fund activities.

During the fiscal year ended December 31, 2018, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund as listed on page 42 of the financial statements.

Effect: Condition's violate State Statutes.

Cause: Unknown.

Recommendation: We recommend that the Road Commission's chief administrative officer and personnel responsible for administering the activities of the various funds of the Road Commission, develop budgetary control procedures for the General Fund which will assure that expenditures do not exceed amounts authorized in the General Appropriations Act, or amendments thereof.

Planned Corrective Action: Amounts will be maintained in the future.

- *Contact Person(s) Responsible for Correction:*
  Burt Thompson, Manager