

County of Antrim, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2014

COUNTY OF ANTRIM, MICHIGAN

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TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	15
Reconciliation of Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in in Fund Balance to the Statement of Activities	16
Proprietary Funds:	
Statement of Net Position	17
Statement of Revenues, Expenses, and Changes in Net Position.....	18
Statement of Cash Flows	19
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	20
NOTES TO FINANCIAL STATEMENTS	21
REQUIRED SUPPLEMENTARY INFORMATION:	
Employee Retirement and Benefit Systems:	
Schedule of Funding Progress	47
Major Funds:	
Budgetary Comparison Schedule – General	48
Budgetary Comparison Schedule – Revenue Sharing Reserve	51
Budgetary Comparison Schedule – Services for the Aged.....	52
Budgetary Comparison Schedule – Housing Project Income.....	53
Budgetary Comparison Schedule – E-911 Operating.....	54

OTHER INFORMATION:

Combining Balance Sheet – General Funds..... 55

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – General Funds 57

Combining Balance Sheet – Nonmajor Governmental Funds..... 59

Combining Statement of Revenues, Expenditures, and Changes in
Fund Balance – Nonmajor Governmental Funds 64

Combining Statement of Net Position – Nonmajor Enterprise Funds..... 69

Combining Statement of Revenues, Expenses, and Changes in
Net Position – Nonmajor Enterprise Funds 70

Combining Statement of Cash Flows – Nonmajor Enterprise Funds..... 71

REPORTS ON COMPLIANCE:

Independent Auditor’s Report on Internal Control Over Financial
Reporting and on Compliance and on Other Matters Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*..... 72

Schedule of Findings and Responses 74



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the County of Antrim, Michigan, as of and for the year ending December 31, 2014, and the related notes to the financial statements which collectively comprise the County of Antrim, Michigan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meadow Brook Medical Care Facility, which represents 60 percent, 57 percent, and 87 percent, respectively, of the assets, net position, and revenue of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Members of the Board of Commissioners
County of Antrim, Michigan

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan, as of December 31 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 11, page 47, and pages 48 through 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Antrim, Michigan's basic financial statements. The combining major and nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Members of the Board of Commissioners
County of Antrim, Michigan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2015 on our consideration of the County of Antrim, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Antrim, Michigan's internal control over financial reporting and compliance.



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

June 19, 2015

Management's Discussion and Analysis

As management of Antrim County, we offer readers of the Antrim County financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

The net position of Antrim County exceeded its liabilities at the close of fiscal year, 2014 by \$61,440,712. Of this amount \$13,540,522 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- * At December 31, 2014, the County's governmental funds reported combined ending fund balance of \$16,432,029.
- * At December 31, 2014, unassigned fund balance for the General Fund was \$8,951,193 or 70% of General Fund expenditures and transfers out.
- * Governmental funds revenues were \$15,393,590.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements 4) required supplementary information and 5) other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement of some items that will only result in cash flows in future fiscal periods (e.g. accrued interest expense).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include legislative, judicial, general government, public safety, public works, health and welfare, and recreation and culture. The business-type activities of the County include delinquent property tax collection, medical care facility, transportation, and hydroelectric utility.

The government-wide financial statements include not only the County itself (known as the primary government), but also a legally separate component unit for which the County is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 54 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, considered to be the major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets for the County's major funds.

The basic governmental fund financial statements can be found on pages 14-16 of this report.

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

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

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

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

Notes To Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-46 of this report.

Required Supplementary Information

Required supplementary information related to the County's pension plan, OPEB and budgetary comparison schedules can be found on page 47-54 of this report.

Other Information

The combining statements referred to earlier in connection with general funds and nonmajor governmental funds are presented following the notes to the financial statements. Combining statements can be found on pages 55-71 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, net position exceeded liabilities by \$61,440,712 at the close of the fiscal year. A large portion of the County's net position reflects its investment in capital assets (e.g. land, buildings, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**County of Antrim
Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 19,997,306	\$ 21,842,189	\$ 21,579,290	\$ 24,043,434	\$ 41,576,596	\$ 45,885,623
Capital Assets	17,323,297	17,557,202	22,316,669	18,616,956	39,639,966	36,174,158
Total Assets	37,320,603	39,399,391	43,895,959	42,660,390	81,216,562	82,059,781
Current Liabilities	1,439,443	1,175,604	992,743	803,052	2,432,186	1,978,656
Noncurrent Liabilities	12,583,768	14,019,224	413,396	394,107	12,997,164	14,413,331
Total Liabilities	14,023,211	15,194,828	1,406,139	1,197,159	15,429,350	16,391,987
Deferred Inflows of Resources						
Taxes Levied for a Subsequent Period	2,631,297	1,544,618	1,715,203	1,693,749	4,346,500	3,238,367
Net Position						
Net Investment in						
Capital Assets	17,330,636	17,546,276	22,186,334	18,616,956	39,516,970	36,163,232
Restricted	6,721,000	7,745,955	1,662,220	1,587,056	8,383,220	9,333,011
Unrestricted	(3,385,541)	(2,632,286)	16,926,063	19,565,470	13,540,522	16,933,184
Total Net Position	\$ 20,666,095	\$ 22,659,945	\$ 40,774,617	\$ 39,769,482	\$ 61,440,712	\$ 62,429,427

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Governmental net investment in capital assets is 64% of total net position. An additional portion of the County’s governmental net position 14% represents resources that are subject to external restrictions on how they may be used. Restricted net position is those that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation. All such assets (except for assets invested in capital assets) are considered restricted or unrestricted. The unrestricted portion of the County’s governmental net position is 22% of net position. This net position may be used to meet the government’s ongoing obligations to citizens and creditors.

County of Antrim
Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues						
Charges for Services	\$ 2,106,979	\$ 2,613,439	\$ 15,595,461	\$ 14,016,337	\$ 17,702,440	\$ 16,629,776
Operating Grants and Contributions	1,812,328	1,560,646	454,300	348,374	2,266,628	1,909,020
Capital Grants and Contributions	-	34,297	338,300	261,172	338,300	295,469
General Revenues						
Property Taxes	10,841,925	10,338,215	1,693,749	1,665,139	12,535,674	12,003,354
Convention Tax	258,043	225,320	-	-	258,043	225,320
Investment Earnings and Rents	374,315	379,621	35,159	19,363	409,474	398,984
Gain (Loss) on Sale of Capital Assets	-	2,529	-	8,943	-	11,472
Total Revenues	15,393,590	15,154,067	18,116,969	16,319,328	33,510,559	31,473,395
Program Expenses						
Legislative	214,911	212,066	-	-	214,911	212,066
Judicial	1,860,915	1,857,436	-	-	1,860,915	1,857,436
General Government	3,508,420	3,390,740	-	-	3,508,420	3,390,740
Public Safety	5,365,131	5,223,870	-	-	5,365,131	5,223,870
Public Works	64,406	127,945	-	-	64,406	127,945
Health and Welfare	3,759,602	2,679,845	-	-	3,759,602	2,679,845
Community/Economic Development	88,576	106,760	-	-	88,576	106,760
Recreation and Culture	284,544	261,928	-	-	284,544	261,928
Interest - Unallocated	414,983	428,464	-	-	414,983	428,464
Delinquent Property Tax	-	-	360,226	308,159	360,226	308,159
Medical Care Facility	-	-	15,974,842	14,150,941	15,974,842	14,150,941
Other Expense	647,963	737,338	1,954,755	1,793,365	2,602,718	2,530,703
Total Expenses	16,209,451	15,026,392	18,289,823	16,252,465	34,499,274	31,278,857
Changes in Net Position Before Transfers	(815,861)	127,675	(172,854)	66,863	(988,715)	194,538
Transfers - Net	(1,177,989)	(11,359,194)	1,177,989	11,359,194	-	-
Changes in Net Position	(1,993,850)	(11,231,519)	1,005,135	11,426,057	(988,715)	194,538
Net Position - Beginning	22,659,945	32,813,058	39,769,482	28,350,482	62,429,427	61,163,540
Prior Period Adjustment	-	1,078,406	-	(7,057)	-	1,071,349
Net Position - Ending	\$ 20,666,095	\$ 22,659,945	\$ 40,774,617	\$ 39,769,482	\$ 61,440,712	\$ 62,429,427

Governmental Activities

Total governmental activities decreased the County's net position by \$1,993,850. The main reasons for the change in fund balances and the change in net position are capital outlays in the current year which are expensed under the modified accrual method and are carried as capital assets under full accrual.

Government activities include:

- Legislative activities – Expenditures related to the Board of Commissioners and high-level administrative expenditures.
- Judicial activities– Expenditures related to the administration of Circuit, District, and Probate/Family Courts and Court Probation units.
- General government activities – Expenditures related to the support departments of the County such as Administration, Equalization, Treasury, Airport, Facilities Management, Finance, and Other.
- Public Safety – Expenditures related to the Sheriff's administration and road patrol and County corrections services.
- Public Works – Expenditures related to the Public Works department of the County.
- Health and Welfare – Expenditures related to public health services, child care, medical examiner, programs for seniors, and housing assistance programs.
- Community/Economic Development – Expenditures related to county planner/coordinator and economic development.
- Parks and Recreation – Expenditures related to County parks.

Business-Type Activities

The business-type activities of the County include proprietary operations.

Business-type activities increased the County's net position after transfers by \$1,005,135. The increase in the business-type activities net position was generated through interest and penalties on delinquent property taxes and interest earned on deposits in the Delinquent Tax Revolving Fund. The Medical Care Facility also showed an increase in net position as a result of a tax levy. The Transportation Fund showed a decrease in net position for the year. The medical also showed an increase due to recording the renovations at the facility.

Business-type activities include:

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

Financial Analysis of the Government’s Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds - The focus of the County governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County financing requirements. In particular unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Unassigned fund balance represented 55% of annual governmental expenditures in 2014 in the governmental funds.

The General Fund fund balance increased by \$653,391 from \$9,884,611 to \$10,538,002 during 2014.

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

UNRESTRICTED NET POSITION

	<u>2014</u>	<u>2013</u>
<u>Enterprise Funds</u>		
100% Tax Payment Fund	\$ 12,570,214	\$ 12,062,182
Medical Care Facility	\$ 3,557,396	\$ 6,816,455
Airport Fund	\$ 238,152	\$ 180,154
Elk Rapids Hydro Electric	\$ 340,316	\$ 310,269
Transportation Fund	\$ 219,985	\$ 196,407

General Fund Budgetary Highlights

Other factors considering the finances of these funds have been addressed in the discussion of the County’s business-type activities.

Amended budgetary expenditures and revenues differed from the originally adopted with the following being some of the more significant amendments:

Revenues:

District Court Costs were increased by	\$ 9,283
Register of Deeds Transfer Tax was increased by	\$ 18,071
Register of Deeds Revenue was decreased by	\$ 53,592

Expenditures:

Judicial was increased by	\$ 14,192
General Government was increased by	\$ 196
Public Safety was increased by	\$ 70,038
Health and Welfare was decreased by	\$ 15,166
Capital Outlay was increased by	\$ 135,597

Capital Asset and Debt Administration

Capital Assets – A capital asset is an asset whose cost exceeds \$5,000 and useful life is greater than two years. Included in the cost of a capital asset are items such as labor and freight and any other costs associated with bringing the asset into full operation. Assets are depreciated using the straight-line method over the course of their useful lives. A schedule of capital assets is shown on pages 32-34 of the accompanying report.

The County currently has \$12,700,000 in general obligation bonds, for renovations to the Medical Care Facility.

Economic Factors and Next Year's Budgets and Rates

The taxable value of commercial, residential, and personal property increased slightly from 2013 to 2014. The increase is expected to continue in 2015.

In a climate where other counties are seeing their revenues shrink, Antrim County has enjoyed slow but steady economic growth during the last three years, despite the broader economic climate. We attribute much of our County's growth to the increase in development of the recreational assets of the County such as parks, golf courses, and resorts. The County anticipates slow economic growth to continue throughout 2015.

The Meadow Brook Medical Care Facility renovation project that was financed by Antrim County general obligation bonds is nearing completion. The ending fund balance for the Meadow Brook Capital Project Fund for 2014 is \$240,663.

Requests for Information

This financial report is designed to provide a general overview of the County finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be referred to the Antrim County Accountant, P.O. Box 521, Bellaire, MI 49615. Telephone contact number is 231-533-3635.

Basic Financial Statements

County of Antrim, Michigan

Statement of Net Position December 31, 2014

	Primary Government		Totals	Component Unit
	Governmental Activities	Business-type Activities		
ASSETS:				
Cash and Investments - Unrestricted	\$ 16,261,111	\$ 16,294,313	\$ 32,555,424	\$ 1,888,672
Receivables:				
Accounts	200,748	1,308,356	1,509,104	21,375
Current Taxes	2,258,677	1,721,990	3,980,667	-
Delinquent Taxes	-	1,746,648	1,746,648	-
Interest and Penalties	-	463,087	463,087	-
Other Governments	222,137	9,128	231,265	913,533
Mortgages	1,054,633	-	1,054,633	-
Inventories	-	32,996	32,996	515,462
Prepaid Items	-	2,772	2,772	48,876
Other Assets	-	130,335	130,335	-
Capital Assets Not Depreciated	11,172,082	348,336	11,520,418	15,817,813
Capital Assets (Net of Accumulated Depreciation)	6,151,215	21,837,998	27,989,213	13,407,655
TOTAL ASSETS	37,320,603	43,895,959	81,216,562	32,613,386
LIABILITIES:				
Accounts Payable	728,750	632,491	1,361,241	355,738
Accrued Liabilities	205,229	360,252	565,481	10,986
Advance from Other Governments	1	-	1	235,362
Due to Governmental Units	-	-	-	-
Installment Note Payable - Due within one year	5,463	-	5,463	-
Bonds Payable - Due within one year	500,000	-	500,000	-
Bonds Payable - Due in more than one year	12,200,000	-	12,200,000	-
Vested Employee Benefits - Due in more than one year	199,415	413,396	612,811	143,106
Other Post Employment Benefits (OPEB) - Due in more than one year	184,353	-	184,353	309,367
TOTAL LIABILITIES	14,023,211	1,406,139	15,429,350	1,054,559
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	2,631,297	1,715,203	4,346,500	-
Unearned Revenue - MDOT Contract	-	-	-	912
TOTAL DEFERRED INFLOWS OF RESOURCES	2,631,297	1,715,203	4,346,500	912
NET POSITION:				
Net Investment in Capital Assets	17,330,636	22,186,334	39,516,970	29,225,468
Restricted	6,721,000	1,662,220	8,383,220	2,332,447
Unrestricted	(3,385,541)	16,926,063	13,540,522	-
TOTAL NET POSITION	\$ 20,666,095	\$ 40,774,617	\$ 61,440,712	\$ 31,557,915

County of Antrim, Michigan

Statement of Activities For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 214,911	\$ -	\$ -	\$ -	\$ (214,911)	\$ -	\$ (214,911)	\$ -
Judicial	1,860,915	516,682	310,269	-	(1,033,964)	-	(1,033,964)	-
General Government	3,508,420	483,820	603,213	-	(2,421,387)	-	(2,421,387)	-
Public Safety	5,365,131	699,828	410,649	-	(4,254,654)	-	(4,254,654)	-
Public Works	64,406	-	-	-	(64,406)	-	(64,406)	-
Health & Welfare	3,759,602	245,211	475,156	-	(3,039,235)	-	(3,039,235)	-
Community and Economic Development	88,576	-	-	-	(88,576)	-	(88,576)	-
Recreation and Culture	284,544	161,438	13,041	-	(110,065)	-	(110,065)	-
Other	647,963	-	-	-	(647,963)	-	(647,963)	-
Interest - Unallocated	414,983	-	-	-	(414,983)	-	(414,983)	-
Total Governmental Activities	16,209,451	2,106,979	1,812,328	-	(12,290,144)	-	(12,290,144)	-
Business-type Activities:								
Delinquent Property Tax	360,226	916,772	-	-	-	556,546	556,546	-
Medical Care Facility	15,974,842	13,899,499	-	-	-	(2,075,343)	(2,075,343)	-
Other	1,954,755	779,190	454,300	338,300	-	(382,965)	(382,965)	-
Total Business-type Activities	18,289,823	15,595,461	454,300	338,300	-	(1,901,762)	(1,901,762)	-
Total Primary Government	34,499,274	17,702,440	2,266,628	338,300	(12,290,144)	(1,901,762)	(14,191,906)	-
Component Unit:								
Road Commission	5,647,889	904,760	4,018,838	2,748,735				2,024,444
Total Component Unit	5,647,889	904,760	4,018,838	2,748,735				2,024,444
Total	\$ 40,147,163	\$ 18,607,200	\$ 6,285,466	\$ 3,087,035				
General Revenues and Transfers:								
Property Taxes					10,841,925	1,693,749	12,535,674	-
Convention Taxes					258,043	-	258,043	-
Investment Earnings and Rents					374,315	35,159	409,474	1,014
Gain/(Loss) on Sale of Capital Assets					-	-	-	82,239
Transfers - Internal Activities					(1,177,989)	1,177,989	-	-
Total General Revenues and Transfers					10,296,294	2,906,897	13,203,191	83,253
Changes in Net Position					(1,993,850)	1,005,135	(988,715)	2,107,697
Net Position - Beginning					22,659,945	39,769,482	62,429,427	29,450,218
Net Position - Ending					\$ 20,666,095	\$ 40,774,617	\$ 61,440,712	\$ 31,557,915

See accompanying notes to financial statements.

County of Antrim, Michigan

Balance Sheet Governmental Funds December 31, 2014

	General Funds	Revenue Sharing Reserve	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments - Unrestricted	\$ 10,172,131	\$ 2,422,821	\$ 197,397	\$ 89,202	\$ 562,011	\$ 2,817,549	\$ 16,261,111
Receivables:							
Taxes	719,476	-	684,447	-	854,754	-	2,258,677
Accounts	193,135	-	7,293	-	-	320	200,748
Mortgages	-	-	-	1,054,633	-	-	1,054,633
Due from Governmental Units	165,218	-	6,098	-	-	50,821	222,137
TOTAL ASSETS	\$ 11,249,960	\$ 2,422,821	\$ 895,235	\$ 1,143,835	\$ 1,416,765	\$ 2,868,690	\$ 19,997,306
LIABILITIES:							
Accounts Payable	\$ 554,802	\$ -	\$ 24,782	\$ -	\$ 974	\$ 148,192	\$ 728,750
Accrued Liabilities	157,156	-	10,522	-	21,790	15,761	205,229
Due to Governmental Units	-	-	-	-	-	1	1
Unearned Revenue	-	-	37,789	-	-	-	37,789
TOTAL LIABILITIES	711,958	-	73,093	-	22,764	163,954	971,769
DEFERRED INFLOWS OF RESOURCES:							
Mortgage Revenue	-	-	-	1,054,633	-	-	1,054,633
Taxes Levied for a Subsequent Period	-	-	684,447	-	854,428	-	1,538,875
TOTAL DEFERRED INFLOWS OF RESOURCES	-	-	684,447	1,054,633	854,428	-	2,593,508
FUND BALANCES:							
Restricted	-	2,422,821	137,695	-	539,573	1,781,504	4,881,593
Committed	365,979	-	-	-	-	160,132	526,111
Assigned	1,220,830	-	-	89,202	-	763,100	2,073,132
Unassigned	8,951,193	-	-	-	-	-	8,951,193
TOTAL FUND BALANCES	10,538,002	2,422,821	137,695	89,202	539,573	2,704,736	16,432,029
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,249,960	\$ 2,422,821	\$ 895,235	\$ 1,143,835	\$ 1,416,765	\$ 2,868,690	
Reconciliation to amounts reported for governmental activities in the statement of net position:							
Capital assets used by governmental activities							17,323,297
Long term installment notes and bonds payable for governmental activities							(12,705,463)
Vested employee benefits							(199,415)
Other postemployment benefits liability							(184,353)
Net position of governmental activities							\$ 20,666,095

See accompanying notes to financial statements.

County of Antrim, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2014

	General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes and Penalties	\$ 9,321,744	\$ -	\$ 675,481	\$ -	\$ 844,700	\$ -	\$ 10,841,925
Licenses and Permits	177,458	-	-	-	-	474,882	652,340
Federal	70,769	-	27,484	-	-	180	98,433
State	799,906	-	123,306	-	-	270,435	1,193,647
Local	81,637	-	-	-	-	47,745	129,382
Charges for Services	1,110,724	-	207,061	-	-	48,745	1,366,530
Fines and Forfeits	2,600	-	-	-	-	47,710	50,310
Interest and Rents	259,817	-	2,340	3,914	1,349	140,548	407,968
Other Revenue	449,642	-	21,990	38,214	1,490	141,719	653,055
TOTAL REVENUES	12,274,297	-	1,057,662	42,128	847,539	1,171,964	15,393,590
EXPENDITURES:							
Legislative	214,911	-	-	-	-	-	214,911
Judicial	1,799,525	-	-	-	-	30,051	1,829,576
General Government	3,213,844	-	-	-	-	45,706	3,259,550
Public Safety	3,696,105	-	-	-	688,072	500,479	4,884,656
Public Works	64,406	-	-	-	-	-	64,406
Health and Welfare	1,167,764	-	895,904	-	-	1,634,500	3,698,168
Community/Economic Development	88,576	-	-	-	-	-	88,576
Recreation and Culture	247,513	-	-	-	-	6,889	254,402
Capital Outlay	348,606	-	-	-	4,011	38,139	390,756
Other	647,963	-	-	-	-	-	647,963
Debt Service	6,032	-	-	-	-	914,414	920,446
TOTAL EXPENDITURES	11,495,245	-	895,904	-	692,083	3,170,178	16,253,410
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	779,052	-	161,758	42,128	155,456	(1,998,214)	(859,820)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	1,213,176	-	102,680	-	-	1,248,467	2,564,323
Operating Transfers Out	(1,338,837)	(481,566)	(157,680)	(42,413)	-	(1,721,816)	(3,742,312)
TOTAL OTHER FINANCING SOURCES (USES)	(125,661)	(481,566)	(55,000)	(42,413)	-	(473,349)	(1,177,989)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	653,391	(481,566)	106,758	(285)	155,456	(2,471,563)	(2,037,809)
FUND BALANCES, JANUARY 1	9,884,611	2,904,387	30,937	89,487	384,117	5,176,299	18,469,838
FUND BALANCES, DECEMBER 31	<u>\$ 10,538,002</u>	<u>\$ 2,422,821</u>	<u>\$ 137,695</u>	<u>\$ 89,202</u>	<u>\$ 539,573</u>	<u>\$ 2,704,736</u>	<u>\$ 16,432,029</u>

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2014**

Net changes in fund balances - total governmental funds (2,037,809)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	390,756
Depreciation Expense	(624,661)

Repayment of debt principal is an expenditures in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position. 505,463

Increase in Vested Employee Benefits and Other Post Employment Benefits (OPEB). (227,599)

Changes in net position of governmental activities \$ (1,993,850)

**Statement of Net Position
Proprietary Funds
December 31, 2014**

	Business-type Activities - Enterprise Funds			
	Major			Total
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	
ASSETS:				
Cash and Investments - Unrestricted	\$ 11,609,121	\$ 3,950,861	\$ 734,331	\$ 16,294,313
Receivables:				
Accounts	-	1,205,102	103,254	1,308,356
Taxes	-	1,721,990	-	1,721,990
Delinquent Taxes	1,746,648	-	-	1,746,648
Interest and Penalties	463,087	-	-	463,087
Due from Other Governments	-	-	9,128	9,128
Prepaid Items	-	-	2,772	2,772
Inventory	-	-	32,996	32,996
Other Assets	-	130,335	-	130,335
Capital Assets (Not Depreciated)	-	348,336	-	348,336
Capital Assets (Net of Accumulated Depreciation)	-	18,810,407	3,027,591	21,837,998
TOTAL ASSETS	13,818,856	26,167,031	3,910,072	43,895,959
LIABILITIES:				
Accounts Payable	-	570,801	61,690	632,491
Accrued Liabilities	339	337,575	22,338	360,252
Vested Employee Benefits - Due in more than one year	-	413,396	-	413,396
TOTAL LIABILITIES	339	1,321,772	84,028	1,406,139
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	-	1,715,203	-	1,715,203
NET POSITION:				
Net Investment in Capital Assets	-	19,158,743	3,027,591	22,186,334
Restricted	1,248,303	413,917	-	1,662,220
Unrestricted	12,570,214	3,557,396	798,453	16,926,063
TOTAL NET POSITION	\$ 13,818,517	\$ 23,130,056	\$ 3,826,044	\$ 40,774,617

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2014**

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor Enterprise Funds	Total Enterprise Funds
	100% Tax Payment	Medical Care Facility		
OPERATING REVENUES:				
Interest and Penalties on Taxes	\$ 501,444	\$ -	\$ -	\$ 501,444
Charges for Services	228,655	13,841,166	666,177	14,735,998
Sale of Properties at Tax Auction	186,673	-	-	186,673
Other Income	-	49,198	113,013	162,211
TOTAL REVENUES	916,772	13,890,364	779,190	15,586,326
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	-	10,455,131	849,221	11,304,352
Depreciation	-	1,154,407	427,041	1,581,448
Other Expenses	360,226	4,365,304	678,493	5,404,023
TOTAL EXPENSES	360,226	15,974,842	1,954,755	18,289,823
OPERATING INCOME (LOSS)	556,546	(2,084,478)	(1,175,565)	(2,703,497)
NON-OPERATING REVENUES (EXPENSES):				
Interest Earnings	18,384	9,106	1,232	28,722
Oil and Gas Royalties	2,594	-	3,383	5,977
Tax Levy	-	1,693,749	-	1,693,749
Restricted Donations/Income	-	9,135	-	9,135
Gain (Loss) on Sale of Assets	460	-	-	460
Federal Grants - Section 5311	-	-	444,029	444,029
State Grants - Section 5311	-	-	348,571	348,571
TOTAL NON-OPERATING REVENUES (EXPENSES)	21,438	1,711,990	797,215	2,530,643
INCOME (LOSS) BEFORE TRANSFERS	577,984	(372,488)	(378,350)	(172,854)
Operating Transfers In	-	1,673,338	418,901	2,092,239
Operating Transfers Out	-	(914,250)	-	(914,250)
CHANGES IN NET POSITION	577,984	386,600	40,551	1,005,135
NET POSITION, JANUARY 1	13,240,533	22,743,456	3,785,493	39,769,482
NET POSITION, DECEMBER 31	\$ 13,818,517	\$ 23,130,056	\$ 3,826,044	\$ 40,774,617

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2014**

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor Enterprise Funds	Total Enterprise Funds
	100% Tax Payment	Medical Care Facility		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and QAS	\$ -	\$ 14,661,671	\$ 763,435	\$ 15,425,106
Cash Received from Sale of Taxes on Auction	186,673	-	-	186,673
Cash Received for Delinquent Taxes	3,496,670	-	-	3,496,670
Cash Payments for Goods and Services	(359,887)	(15,102,723)	(672,366)	(16,134,976)
Cash Received from Penalties and Interest on Delinquent Taxes	719,938	-	-	719,938
Cash Received from Other Sources	-	49,198	-	49,198
Cash Payment to Employees for Services/Fringe Benefits	-	-	(844,262)	(844,262)
Cash Payments for Delinquent Taxes	(3,696,158)	-	-	(3,696,158)
Net Cash Provided (Used) by Operating Activities	<u>347,236</u>	<u>(391,854)</u>	<u>(753,193)</u>	<u>(797,811)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	-	(673,588)	418,901	(254,687)
Proceeds from County Tax Levy	-	1,689,006	-	1,689,006
Contributions Received	-	9,135	-	9,135
Operating Grants Received	-	-	463,592	463,592
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>-</u>	<u>1,024,553</u>	<u>882,493</u>	<u>1,907,046</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(2,100,902)	(355,968)	(2,456,870)
Capital Acquisition Grants - Received in Cash	-	-	338,300	338,300
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(2,100,902)</u>	<u>(17,668)</u>	<u>(2,118,570)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Oil and Gas Royalties	2,594	-	3,383	5,977
Interest Earnings	18,844	9,106	1,232	29,182
Net Cash Provided (Used) by Investing Activities	<u>21,438</u>	<u>9,106</u>	<u>4,615</u>	<u>35,159</u>
Net Increase (Decrease) in Cash and Equivalents	368,674	(1,459,097)	116,247	(974,176)
Balances - Beginning of the Year	11,240,447	5,409,958	618,084	17,268,489
Balances - End of the Year	<u>\$ 11,609,121</u>	<u>\$ 3,950,861</u>	<u>\$ 734,331</u>	<u>\$ 16,294,313</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 556,546	\$ (2,084,478)	\$ (1,175,565)	\$ (2,703,497)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	1,154,407	427,041	1,581,448
Provision for Bad Debt	-	194,363	-	194,363
Loss on Disposal of Equipment	-	237,872	-	237,872
Change in Assets and Liabilities:				
Accounts Receivable	-	(469,844)	(15,755)	(485,599)
Delinquent Taxes Receivable	(199,488)	-	-	(199,488)
Interest and Penalties Receivable	(10,161)	-	-	(10,161)
Settlements Payable	-	857,768	-	857,768
Inventory	-	-	(10,122)	(10,122)
Other Assets	-	(130,335)	(210)	(130,545)
Accounts Payable	-	(237,917)	16,459	(221,458)
Accrued Liabilities	339	86,310	4,959	91,608
Net Cash Provided (Used) by Operating Activities	<u>\$ 347,236</u>	<u>\$ (391,854)</u>	<u>\$ (753,193)</u>	<u>\$ (797,811)</u>

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2014

	<u>Agency Funds</u>
ASSETS:	
Cash and Investments - Unrestricted	\$ 942,245
 TOTAL ASSETS	 <u>\$ 942,245</u>
LIABILITIES:	
Due to Governmental Units	\$ 330,193
Undistributed Tax Collections	555,501
Other Liabilities	<u>56,551</u>
 TOTAL LIABILITIES	 <u>\$ 942,245</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A – Reporting Entity:

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

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

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

Discretely Presented Component Unit

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Blended Component Units

County of Antrim Building Authority – The Authority is an entity legally separate from the County. The Authority is governed by a board, appointed by the Commission and is reported as if it were part of the County’s operations because its primary purpose is the procurement and management of debt financing for the County.

Jointly Governed Organizations

The North Country Community Mental Health Authority consists of the counties of Otsego, Emmet, Charlevoix, Cheboygan, Antrim and Kalkaska. Financial records for this Authority are maintained by the mental health authority and are audited separately from any of the member counties. A copy of a financial statements and audit report would be available at the Authority office located at 1420 Plaza Dr., Petoskey, Michigan 49770.

The funding formula for the Community Mental Health operations is in accordance with an agreement approved by all of the member counties and the local contribution was frozen, by statute, at the amount contributed in the year 2002. For 2013, Antrim County’s local match was \$145,611. Their financial statements are not required, under GASB No. 61, to be included in the Antrim County report.

The Northwest Michigan Community Health Agency is a Michigan municipal body and an agency of Antrim, Charlevoix, Emmet and Otsego Counties created, under Act 368, Public Acts of 1978, to provide certain public health services to area residents. Two of the Board members consist of County Commissioners appointed by the County Board. Also, the facilities are located in Charlevoix County and the Health Agency cash is controlled by the County Treasurer.

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

B – Government-Wide and Fund Financial Statements:

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Taxes Receivable

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Although the County of Antrim 2013 ad valorem tax is levied and collectible on December 1, 2013 and the 2014 ad valorem tax is levied and collectible on July 1, 2014, it is the County of Antrim's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be paid from the delinquent tax fund within one year.

The 2013 taxable valuation of Antrim County amounted to \$1,693,984,896 on which ad valorem taxes of 0.4000 mills for Services for Aged, 1.0000 mills for Medical Care Facility, and 0.5000 mills for E-911 Operating were levied. These amounts were recognized in the respective special revenue and enterprise fund financial statements as tax revenue.

The July 1, 2014 taxable valuation of the County of Antrim totaled \$1,714,556,263 on which ad valorem taxes levied consisted of 5.4000 mills for the General Fund. This amount is recognized as revenue in the General Fund in and for the year ending 2014.

The taxes receivable is recorded in the financial statements as taxes receivable-current, with an offsetting credit to deferred inflows of resources based on the 2014 taxable valuation. Tax receivables are recorded in the General Fund for the summer taxes not collected at year end. The corresponding revenue is recorded as tax revenue.

All other revenue items are considered to be available only when cash is received by the government.

The County reports the following major governmental funds:

General Fund

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

Revenue Sharing Reserve Fund

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

Services for Aged

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

Housing Project Income

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

911 Operating

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major proprietary funds:

100% Tax Payment

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

Medical Care Facility

This fund is a long-term medical care facility.

Additionally, the County reports the following fund types:

Special Revenue Funds

These funds are used to account for specific revenues derived primarily from sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

Debt Service Funds

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

Capital Project Funds

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

Enterprise Funds

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

Agency Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for tax collections. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

Bank Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds and is allocated to each fund based on average cash balance. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Water and Sewer Lines	50 to 75 years
Roads	10 to 30 years
Other Infrastructure	8 to 50 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

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

Long-Term Obligations – In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Unearned Revenues – Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities to the current period or for resources that have been received, but not yet earned.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has not classified Inventories and Prepaid Items as being Nonspendable.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Grants and Other Intergovernmental Revenues – Federal grants and assistance awards for all governmental type funds are recorded as intergovernmental revenue in accordance with the terms of the representative grants.

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

- a. Each December, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1st and lapses on December 31st. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to January 1st, the budget is legally enacted through a resolution passed by the Board of Commissioners.
- d. Budgetary control is exercised at the departmental level of the General Fund. Any revisions that alter the total expenditures of any department or fund (i.e., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under Public Act 621 of 1978.
- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Investments – Unrestricted	\$ 16,261,111	\$ 16,294,313	\$ 32,555,424	\$ 942,245	\$ 1,888,672
Total	<u>\$ 16,261,111</u>	<u>\$ 16,294,313</u>	<u>\$ 32,555,424</u>	<u>\$ 942,245</u>	<u>\$ 1,888,672</u>

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Investments	\$ 7,908,133	\$ -	\$ -
Bank Deposits (checking and savings accounts, certificates of deposit)	24,644,782	942,245	1,888,472
Petty Cash and Cash on Hand	<u>2,509</u>	<u>-</u>	<u>200</u>
Total	<u>\$ 32,555,424</u>	<u>\$ 942,245</u>	<u>\$ 1,888,672</u>

	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>Ratings</u>	<u>%</u>
Investments:						
Money Markets	\$ 5,110,190	\$ 5,110,190	\$ -	\$ -	N/A	65%
Mutual Funds	2,263,305	2,263,305	-	-	AAA	29%
Treasury Bonds	<u>534,629</u>	<u>534,629</u>	<u>-</u>	<u>-</u>	AAA	<u>6%</u>
Total Investments	<u>\$ 7,908,133</u>	<u>\$ 7,908,133</u>	<u>\$ -</u>	<u>\$ -</u>		<u>100.0%</u>

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

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

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned. State law does not require and the County does not have a policy for custodial deposit credit risk. As of year end, \$22,173,387 of the County’s bank balance of \$24,019,510 was exposed to credit risk because it was uninsured and uncollateralized. \$0 was uninsured and collateralized by the pledging financial institution.

Concentration of credit risk. The County has not adopted a policy that indicated how the County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk. The County has not adopted a policy that indicated how the County will minimize custodial credit risk, which is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments of collateral securities that are in possession of an outside party.

Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. Of the County's \$7,908,133 in investments all are in the name of the County. Credit quality ratings of public money funds were not available from the financial institutions or are unrated.

Statutory Authority:

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the primary government for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,172,082	\$ -	\$ -	\$ 11,172,082
<i>Capital assets being depreciated:</i>				
Buildings	9,257,701	-	-	9,257,701
Land Improvements	1,713,153	-	-	1,713,153
Machinery and Equipment	<u>4,710,232</u>	<u>390,756</u>	<u>(3,684)</u>	<u>5,097,304</u>
Subtotal	<u>15,681,086</u>	<u>390,756</u>	<u>(3,684)</u>	<u>16,068,158</u>
Governmental Activities:				
<i>Less accumulated depreciation for:</i>				
Buildings	(4,324,502)	(165,482)	-	(4,489,984)
Land Improvements	(1,705,786)	(3,654)	-	(1,709,440)
Machinery and Equipment	<u>(3,265,678)</u>	<u>(455,525)</u>	<u>3,684</u>	<u>(3,717,519)</u>
Subtotal	<u>(9,295,966)</u>	<u>(624,661)</u>	<u>3,684</u>	<u>(9,916,943)</u>
Net Capital Assets Being Depreciated	<u>6,385,120</u>	<u>(233,905)</u>	<u>-</u>	<u>6,151,215</u>
Capital Assets - Net of Depreciation	<u>\$ 17,557,202</u>	<u>\$ (233,905)</u>	<u>\$ -</u>	<u>\$ 17,323,297</u>

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

Judicial	\$ 31,339
General Government	218,171
Public Safety	295,733
Health and Welfare	49,276
Recreation and Culture	<u>30,142</u>
Total Depreciation	<u>\$ 624,661</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 336,254	\$ -	\$ -	\$ 336,254
Construction in Progress	<u>3,877,908</u>	<u>703,669</u>	<u>4,569,495</u>	<u>12,082</u>
Subtotal	<u>4,214,162</u>	<u>703,669</u>	<u>4,569,495</u>	<u>348,336</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	1,334,681	54,266	(19,719)	1,369,228
Buildings	14,781,712	8,190,520	(1,132,968)	21,839,264
Furniture, Fixtures, and Equipment	5,995,516	972,469	(317,941)	6,650,044
Vehicles	<u>1,597,336</u>	<u>37,268</u>	<u>-</u>	<u>1,634,604</u>
Subtotal	<u>23,709,245</u>	<u>9,254,523</u>	<u>(1,470,628)</u>	<u>31,493,140</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	(182,776)	(43,628)	15,041	(211,363)
Building	(4,905,841)	(956,682)	931,844	(4,930,679)
Furniture, Fixtures, and Equipment	(3,445,260)	(373,723)	285,871	(3,533,112)
Vehicles	<u>(772,573)</u>	<u>(207,415)</u>	<u>-</u>	<u>(979,988)</u>
Subtotal	<u>(9,306,450)</u>	<u>(1,581,448)</u>	<u>1,232,756</u>	<u>(9,655,142)</u>
Net Capital Assets Being Depreciated	<u>14,402,795</u>	<u>7,673,075</u>	<u>(237,872)</u>	<u>21,837,998</u>
Capital Assets - Net of Depreciation	<u>\$ 18,616,957</u>	<u>\$ 8,376,744</u>	<u>\$ (4,807,367)</u>	<u>\$ 22,186,334</u>

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

Medical Care Facility	\$ 1,154,407
Airport	180,367
Hydro Electric	18,099
Transportation	<u>228,575</u>
Total Depreciation	<u>\$ 1,581,448</u>

NOTE 4 - CAPITAL ASSETS (Continued)

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 119,860	\$ -	\$ -	\$ 119,860
Infrastructure and Land Improvements	<u>15,308,221</u>	<u>389,732</u>	<u>-</u>	<u>15,697,953</u>
Subtotal	<u>15,428,081</u>	<u>389,732</u>	<u>-</u>	<u>15,817,813</u>
<i>Capital assets being depreciated:</i>				
Buildings	2,479,271	3,468	-	2,482,739
Equipment - Road	6,847,630	325,561	385,378	6,787,813
Equipment - Shop	188,238	15,442	-	203,680
Equipment - Office	86,731	-	-	86,731
Equipment - Engineering	50,521	8,494	-	59,015
Equipment – Yard and Storage	943,749	14,914	-	958,663
Infrastructure - Bridges	1,385,552	13,616	-	1,399,168
Infrastructure – Roads	<u>25,679,387</u>	<u>2,345,387</u>	<u>-</u>	<u>28,024,774</u>
Subtotal	<u>37,661,079</u>	<u>2,726,882</u>	<u>385,378</u>	<u>40,002,583</u>
<i>Less accumulated depreciation for:</i>				
Buildings	1,103,877	55,425	-	1,159,302
Equipment - Road	5,675,472	399,441	385,378	5,689,535
Equipment - Shop	149,641	11,046	-	160,687
Equipment - Office	80,405	3,985	-	84,390
Equipment - Engineering	47,563	2,129	-	49,692
Equipment – Yard and Storage	924,823	2,950	-	927,773
Infrastructure - Bridges	750,572	40,228	-	790,800
Infrastructure – Roads	<u>16,457,599</u>	<u>1,275,150</u>	<u>-</u>	<u>17,732,749</u>
Subtotal	<u>25,189,952</u>	<u>1,790,354</u>	<u>385,378</u>	<u>26,594,928</u>
Net Capital Assets Being Depreciated	<u>12,471,127</u>	<u>936,528</u>	<u>-</u>	<u>13,407,655</u>
Capital Assets - Net of Depreciation	<u>\$ 27,899,208</u>	<u>\$ 1,326,260</u>	<u>\$ -</u>	<u>\$ 29,225,468</u>

Depreciation expense was charged to operations as follows:

Primary Roads	\$ 642,474
Local Roads	672,904
Equipment	468,862
Administration	<u>6,114</u>
Total	<u>\$ 1,790,354</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Antrim, Michigan reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in Interfund Receivables and Payable are as follows:

		TRANSFERS OUT						
		General Fund	Revenue Sharing Reserve	Services for Aged	Housing Project Income	Nonmajor Governmental	Medical Care Facility	Total
TRANSFERS IN	General Fund	\$ 545,709	\$ 481,566	\$ 157,680	\$ -	\$ 28,221	\$ -	\$ 1,213,176
	Services for Aged	102,680	-	-	-	-	-	102,680
	Nonmajor Governmental	280,783	-	-	42,413	11,021	914,250	1,248,467
	Medical Care Facility	-	-	-	-	1,673,338	-	1,673,338
	Nonmajor Enterprise	409,665	-	-	-	9,236	-	418,901
	Total	<u>\$ 1,338,837</u>	<u>\$ 481,566</u>	<u>\$ 157,680</u>	<u>\$ 42,413</u>	<u>\$ 1,721,816</u>	<u>\$ 914,250</u>	<u>\$ 4,656,562</u>

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

NOTE 6 - LONG-TERM DEBT

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

	<u>Balance</u> <u>01/01/14</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due</u> <u>Within</u> <u>One Year</u>
Governmental Activities:					
Installment contract secured by vehicle, due in in annual installments of \$6,032 through 2015, including interest of 4.522% due annually.	\$ 10,926	-	5,463	5,463	5,463
General Obligation Limited Tax Bond Series 2012, (Medical Care Facility Project), Matures in varying annual amounts through 2030 and at interest rates ranging from 3% to 3.5%	13,200,000	-	500,000	12,700,000	500,000
Vested Employee Benefits:					
Governmental Activities – net increase	-	199,415	-	199,415	-
Business-type Activities – net increase	<u>394,107</u>	<u>19,289</u>	<u>-</u>	<u>413,396</u>	<u>-</u>
Total Long-Term Debt	<u>\$ 13,605,033</u>	<u>\$ 218,704</u>	<u>\$ 505,463</u>	<u>\$ 13,318,274</u>	<u>\$ 505,463</u>

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

<u>Year End December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 505,463	\$ 399,695
2016	500,000	384,125
2017	500,000	369,125
2018	550,000	353,375
2019	550,000	336,875
2020-2024	3,300,000	1,407,625
2025-2029	5,400,000	745,563
Thereafter	<u>1,400,000</u>	<u>24,500</u>
Total	<u>\$ 12,705,463</u>	<u>\$ 4,020,883</u>

Vested Employee Benefits - Accrued Vacation

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

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

Accumulated: Not to exceed 280 hours

NOTE 6 - LONG-TERM DEBT (Continued)

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

Two Units, General and Probate/Family Court:

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

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

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

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

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

The Antrim County Transportation Unit:

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

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

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

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

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

NOTE 6 - LONG-TERM DEBT (Continued)

Component Unit

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

	Beginning Balances	Net Additions (Reductions)	Ending Balances
Vested Employee Benefits	\$ 138,877	\$ 4,229	\$ 143,106
Other Post Employment Benefits	<u>286,095</u>	<u>23,272</u>	<u>309,367</u>
Total	<u>\$ 424,972</u>	<u>\$ 27,501</u>	<u>\$ 452,473</u>

Vested employee benefits are for accumulated personal, sick and vacation days. At December 31, 2014 the total accumulated liability was \$143,106.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Primary Government

Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS), administered by the State of Michigan. The system provides the following provisions: normal retirement, deferred retirement and service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The service requirement for General Non-Union, Sheriff Non-Union, and Elected Officials is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% times the final average compensation (FAC). The service requirement for General-Local 214 is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% of (FAC), with a maximum benefit of 80% of FAC. The service requirement for Elected and Appointed Supervisors, and the Sheriff-Union is computed using credited service at the time of termination of membership multiplied by the sum of 2.5% of (FAC), with a maximum benefit of 80% of FAC. The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2013.

MERS was organized pursuant to Section 12a of Public Act 156 of 1851; MCL 46.12 (a), as amended, State of Michigan. MERS is regulated under Public Act 427 of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The contribution rate as a percentage of payroll at December 31, 2014 is as follows:

General	13.70%
Sheriff	13.40%
Dial-a-Ride	14.60%
MCF	6.59%

Annual Pension Cost

During the calendar year ended December 31, 2014, the County’s contributions totaled \$1,211,040 and the employee contributions totaled \$0; these contributions are made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2013, and personnel agreement. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 26 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his project benefit. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,069,031	100%	0
2013	1,098,613	100%	0
2014	1,211,040	100%	0

Road Commission – Component Unit

Plan Description - Antrim County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employee's Retirement System (MERS). The plan covers substantially all full-time employees.

The Municipal Employees Retirement System of Michigan (MERS) is a multiple-employer statewide public employee retirement plan, which provides retirement, survivor and disability benefits, on a voluntary basis to local government employees in the most efficient and effective manner possible. As such, MERS is a non-profit entity which has the responsibility of administering the law in accordance with the expressed intent of the Legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers and the public employees who are its beneficiaries.

MERS issues a financial report, available to the public that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at 1134 Municipal Way, Lansing, Michigan 49817. The most recent report for which actuarial data was available was for the fiscal year ended December 31, 2013.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

All full time county road union and administrative employees are eligible to participate in the system. Benefits vest after ten years of service. Union employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 5-year final average compensation per year of service. Administrative employees who retire at or after age 60 with 10 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of the member's 3-year final average compensation per year of service. In addition, both union and administrative employees with 30 years of service can elect to retire at age 55. The system also provides death and disability benefits which are established by State Statute.

Funding Policy – Participating county road employees are not required to contribute to the system. The county road is required to contribute the amounts necessary to fund the Michigan Municipal Employees Retirement System using the actuarial basis specified by statute. Contribution rates as a percentage of payroll were as follows:

General Union	32.70%
General Nonunion	44.93%

Annual Pension Costs – For the year ended December 31, 2014, the Antrim County Road Commission’s pension cost of \$558,735 for the plan was equal to the required and actual contribution. The annual contribution was determined as part of an actuarial valuation as of December 31, 2012, 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 26 years.

Three year trend information as of December 31 follows:

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 506,258	100%	0
2012	445,465	100%	0
2013	537,586	100%	0

NOTE 8 - DEFERRED COMPENSATION PLAN

Antrim County and its component unit – Road Commission offer its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all County employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or unforeseeable emergency.

In the past, the County was custodian of the assets in the plan and recorded the plan’s activity in accordance with GASB requirements in the financial statements. In 1999, GASB Statement 32 was implemented and custodianship of the plan was transferred to an independent third party. Balances for deferred compensation are no longer reported in the financial statements.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Primary Government

Plan Description

The County provides post retirement health care benefits to all sheriff department employees who retire from the County and are eligible to retire under the County’s retirement plan. The County will contribute \$200 per month toward the retiree and/or surviving spouse’s health insurance for a period of ten years, or until eligible for Medicare, whichever occurs first.

Annual OPEB Cost and Net OPEB Obligation. The County’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The County has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers with plans that have fewer than 100 total members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the County’s net OPEB obligation to the Plan:

Normal Cost Component	
Normal Cost	\$ 19,056
Interest	<u>1,048</u>
Total Normal Costs	<u>20,104</u>
Amortization Component	
Actuarial Accrued Liability	325,198
Less: Assets	<u>-</u>
Unfunded Actuarial Accrued Liability	325,198
Divided by PV Factor	<u>19,1879</u>
Amortization Payment	16,948
Interest	<u>932</u>
Total Amortization Payment	<u>17,880</u>
Annual Required Contribution	<u>\$ 37,984</u>
Annual Cost for OPEB	
Annual Required Contribution	<u>\$ 37,984</u>
Annual OPEB Cost	37,984
Contributions Made – Current Year	<u>(9,800)</u>
Increase in Net OPEB Obligation	28,184
Net OPEB Obligation Beginning of Year	<u>156,169</u>
Net OPEB Obligation End of Year	<u>\$ 184,353</u>

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

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2013 and 2014 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 36,107	13.3%	\$ 127,662
2013	36,107	21.0%	156,169
2014	37,984	25.8%	184,353

Funding Policy, Funded Status, and Funding Progress. The County contributes \$200 per month toward the retiree and/or surviving spouse’s health insurance for a period of ten years, or until eligible for Medicare, whichever occurs first. For fiscal year 2014 the County contributed \$9,800 to the Plan.

As of December 31, 2014, the actuarial accrued liability for benefits was \$272,090 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was not available, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was unable to be calculated.

The projection of future benefits for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of future events far into the future. Amounts determined regarding the funded status of a plan and the employer’s annual required contributions are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Assumptions About Employees and Members: Based on the historical average retirement age of the covered group, active plan members were assumed to retire at age 55 and with 20 years of service or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published by the National Center for Health Statistics. The probability of remaining employed until the assumed retirement age and employees’ expected future working lifetimes were developed using non-group-specific age-based turnover data from GASB Statement No. 45.

Assumptions About Healthcare Costs: The 2013 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums was not a factor because the plan is set at a \$200 per month payment.

Other Assumptions and Methods: A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

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

Road Commission – Component Unit

Effective for the 2008 calendar year, the Road Commission implemented Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions, for certain health care reimbursements provided by the Road Commission to retired employees. The requirements of this statement are implemented prospectively, using the alternative calculation provision of the statement for employers with less than 100 employees, with the accrued liability for benefits amortized over 30 years. The Road Commission currently is not advance funding the liability. It is funding only the required current amount based on a pay-as-you go policy.

The following table shows the Commission’s annual OPEB cost and calculation of the Annual Required Contribution:

Annual required contribution	\$ 92,210
Interest on net OPEB obligation	<u>9,441</u>
Annual pension cost	101,651
Contributions made	<u>(78,379)</u>
Increase in net OPEB obligation	23,272
Net OPEB obligation beginning of year	<u>286,095</u>
Net OPEB obligation end of year	<u>\$ 309,367</u>

The Road Commission provides post retirement health care benefits to all employees who retire from the road commission. Any employee retiring after July 1, 1989, who had completed at least ten years of service and was eligible for retirement, has \$150 per month contributed towards the employee and spouse coverage. Effective for retirees retiring after July 1, 1999, the Road Commission contribution will be \$200 per month and effective July 1, 2003, \$250 per month. At age 65, those receiving \$250 per month change to \$200 per month for the remainder of their life. There were 38 retirees receiving benefits with an approximate annual cost of \$78,379. There were 29 active employees at December 31, 2014. This benefit is not available for anyone hired after July 1, 2014.

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

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 106,909	48%	\$ 229,192
2013	\$ 106,909	46%	\$ 286,095
2014	\$ 101,651	77%	\$ 309,367

Funded Status and Funding Progress: As of December 31, 2014, the actuarial accrued liability for benefits was \$939,006, none of which is funded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,288,049, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 73%.

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

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following this note, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan member to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Assumptions About Employees and Members: Based on the historical average retirement age of the covered group, active plan members were assumed to retire at age 55 to 65 or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published by the National Center for Health Statistics. The probability of remaining employed until the assumed retirement age and employees' expected future working lifetimes were developed using non-group-specific age-based turnover data from GASB Statement No. 45.

Assumptions About Healthcare Costs: The 2014 health plan fixed payments for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums – Health Care Cost Trend Rate – was zero percent.

Other Assumptions and Methods: The inflation rate was assumed to be 3.3 % and the discount rate was 5.5%. The value of the Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

NOTE 10 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

Primary Government

The County is exposed to risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government manages its risk exposures and provides certain employee benefits through a combination of self-insurance programs, risk management pools and commercial insurance and excess coverage policies. The following is a summary of these self-insurance programs and risk management pool participation.

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

The County participates in the Michigan Municipal Risk Management Authority (MMRMA) for general and automobile liability, motor vehicle physical damage, and property damage coverages. The MMRMA was established in January 1980, pursuant to laws of the State of Michigan, which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the Authority is to provide cooperative and comprehensive risk financing and risk control services. The MMRMA provides risk management, underwriting, reinsurance and claim review and processing services for all member governments pursuant to its charter.

The government makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the general fund using premiums paid into it by other funds of the government. Such contributions are received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended for reinsurance coverage, claim payments and certain general and administrative costs. The County is a State pool member and has deductibles that differ for each type of coverage.

Workers' Compensation

The County is a member of the Michigan Counties Workers' Compensation Fund. Full statutory coverage for workers' disability compensation and employers' liability is guaranteed by the fund for Michigan operations through authority granted by the State of Michigan under Chapter 6, Section 418.611, Paragraph (2) of the Workers' Disability Compensation Act of 1969, as amended.

At December 31, 2014 there were no claims that exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

Antrim County Transportation

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

Meadow Brook Medical Care Facility

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

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

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

Component Unit – Road Commission

Antrim County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan, which authorizes contracts between municipal corporations (interlocal agreements) to form group self-insurance pools.

The Pool was established for the purpose of making a self-insurance pooling program available that includes, but is not limited to, general liability coverage, vehicle liability coverages, claims administration, and risk management, and loss control services pursuant to Public Act 138 of 1982.

The Antrim County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, vehicle and equipment liability, bodily injury, property damage and personal injury liability. The Pool provides that the Fund will be self-sustaining through member premiums and will purchase both specific and aggregate stop-loss insurance to the limits determined necessary by the Pool Board of Directors.

The Road Commission is also self-insured for workers’ compensation and is a member of the County Road Association Self-Insurance Fund.

NOTE 11 - EXCESS EXPENDITURES OVER APPROPRIATIONS

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

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Health and Welfare	1,079,151	1,167,764	(88,613)

Required Supplementary Information

Pension:

Primary Government

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 26,428,773	\$ 27,575,708	\$ 29,090,324
Actuarial Accrued Liability	31,456,078	33,255,992	35,902,887
Unfunded AAL	5,027,305	5,680,284	6,812,563
Funded Ratio	84%	83%	81%
Covered Payroll	11,397,404	11,592,416	12,373,570
UAAL as a Percentage of Covered Payroll	44%	49%	55%

Road Commission – Component Unit

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 6,415,349	\$ 6,282,734	\$ 6,407,018
Actuarial Accrued Liability	12,061,908	11,810,420	12,075,287
Unfunded AAL	5,646,559	5,527,686	5,668,269
Funded Ratio	53%	53%	53%
Covered Payroll	1,244,877	1,271,679	1,316,387
UAAL as a Percentage of Covered Payroll	454%	435%	431%

Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)
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Primary Government

2007	\$	-	\$ 313,704	\$ 313,704	0.0%	Not Available	-
2010	\$	-	\$ 272,090	\$ 272,090	0.0%	Not Available	-
2013	\$	-	\$ 325,198	\$ 325,198	0.0%	Not Available	-

Road Commission

2012	\$	-	\$ 978,361	\$ 978,361	0.0%	Not Available	-
2013	\$	-	\$ 978,361	\$ 978,361	0.0%	Not Available	-
2014	\$	-	\$ 939,006	\$ 939,006	0.0%	\$ 1,288,049	73%

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and Penalties	\$ 9,090,510	\$ 9,008,816	\$ 9,321,744	\$ 312,928
Licenses and Permits	163,571	173,359	177,458	4,099
Federal Grants	53,465	63,746	70,769	7,023
State Grants	708,068	707,137	799,906	92,769
Local Grants	-	-	81,637	81,637
Charges for Services	1,044,237	1,002,822	1,110,724	107,902
Fines and Forfeits	1,000	1,000	2,600	1,600
Interest and Rents	242,052	242,590	259,817	17,227
Other Revenues	157,366	394,506	449,642	55,136
TOTAL REVENUES	11,460,269	11,593,976	12,274,297	680,321
EXPENDITURES:				
Legislative:				
Board of Commissioners	226,107	231,007	214,911	16,096
Total Legislative	226,107	231,007	214,911	16,096
Judicial:				
Circuit Court	394,772	405,269	373,571	31,698
Family Court	516,238	519,718	456,128	63,590
Family Court Detention Service	11,000	15,190	11,712	3,478
Circuit Court Probation	3,000	3,000	1,942	1,058
District Court	667,889	662,989	593,394	69,595
Friend of the Court	108,000	108,000	82,797	25,203
Probate Court	302,316	303,241	277,864	25,377
Jury Commission	2,495	2,495	2,117	378
Total Judicial	2,005,710	2,019,902	1,799,525	220,377
General Government:				
County Administrator	240,425	242,781	238,353	4,428
Accountant	69,385	70,115	66,951	3,164
Budget	86,650	88,000	83,065	4,935
Clerk	315,288	319,993	308,689	11,304
Communications Department	129,200	129,200	96,403	32,797
Computer	188,935	189,997	163,316	26,681
Grass River	50,550	52,150	52,066	84
Buildings and Structures	120,400	38,874	5,017	33,857
Information Technology Transition	-	8,000	-	8,000
Prosecuting Attorney-Legal	100	100	-	100
GIS Implementation	6,750	6,750	2,189	4,561
Purchasing	35,500	35,500	24,707	10,793
Treasurer	245,688	251,092	239,725	11,367
Equalization	226,311	244,300	217,509	26,791
MSU Extension	150,158	153,366	151,892	1,474
Elections	74,972	74,972	51,801	23,171
Grove Street Annex	13,200	4,700	2,675	2,025
Courthouse	109,264	113,768	104,730	9,038
County Building and Grounds	474,038	477,298	450,823	26,475
Prosecuting Attorney	506,499	515,773	508,115	7,658
Register of Deeds	171,953	182,929	178,016	4,913
Microfilm	11,750	11,750	9,075	2,675
Victims' Rights	65,733	66,359	49,351	17,008
Prosecuting Attorney Child Support IVD	25,759	25,996	19,449	6,547
Drain Commissioner	563	574	573	1
Abstract	141,251	142,645	139,380	3,265
Survey and Remonumentation	36,600	50,136	49,974	162
Total General Government	3,496,922	3,497,118	3,213,844	283,274

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	3,071,294	3,118,675	2,875,839	242,836
Marine Safety	147,904	149,880	97,502	52,378
Secondary Road Patrol	47,134	47,944	39,942	8,002
Jail	398,774	410,099	382,317	27,782
Zero Tolerance	83,250	83,843	72,411	11,432
Emergency Services	60,303	66,605	54,754	11,851
Gun Board	5,600	5,600	-	5,600
Animal Control	189,169	190,820	173,340	17,480
Total Public Safety	<u>4,003,428</u>	<u>4,073,466</u>	<u>3,696,105</u>	<u>377,361</u>
Public Works:				
Dams	67,172	68,653	64,406	4,247
Health and Welfare:				
Health Department/Mental Health/Medical Examiner	546,995	568,891	679,792	(110,901)
Agency on Aging	6,723	7,827	7,548	279
Welfare	20,823	20,823	17,421	3,402
Housing	56,618	5,373	5,227	146
Veterans' Affairs	73,258	85,837	81,991	3,846
County-Wide Recycling	338,400	338,400	339,711	(1,311)
Soldiers Relief	52,000	52,000	36,074	15,926
Total Health and Welfare	<u>1,094,817</u>	<u>1,079,151</u>	<u>1,167,764</u>	<u>(88,613)</u>
Community and Economic Development:				
Resource Recovery	22,360	22,360	20,781	1,579
Planning Commission	9,539	9,539	4,305	5,234
Planner/Coordinator	63,624	64,272	62,390	1,882
EDC	4,446	4,446	1,100	3,346
Total Community and Economic Development	<u>99,969</u>	<u>100,617</u>	<u>88,576</u>	<u>12,041</u>
Recreation and Culture:				
Parks Commission	3,537	3,537	1,023	2,514
Parks	235,094	246,204	232,915	13,289
Park Fund Raiser	2,200	2,200	-	2,200
Parks - Antrim Creek	16,515	16,861	13,575	3,286
Total Recreation and Culture	<u>257,346</u>	<u>268,802</u>	<u>247,513</u>	<u>21,289</u>
Capital Outlay	243,290	378,887	348,606	30,281
Other:				
Appropriations	246,162	246,162	246,162	-
Other	365,555	256,688	32,660	224,028
Insurance and Fringes	379,000	380,756	369,141	11,615
Total Other	<u>990,717</u>	<u>883,606</u>	<u>647,963</u>	<u>235,643</u>
Debt Service:				
Principal	5,500	5,500	5,463	37
Interest Expense	600	600	569	31
Total Debt Service	<u>6,100</u>	<u>6,100</u>	<u>6,032</u>	<u>68</u>
TOTAL EXPENDITURES	<u>12,491,578</u>	<u>12,607,309</u>	<u>11,495,245</u>	<u>1,112,064</u>

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,031,309)	(1,013,333)	779,052	1,792,385
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	2,014,190	2,296,295	1,213,176	(1,083,119)
Operating Transfers Out	<u>(1,208,147)</u>	<u>(1,338,596)</u>	<u>(1,338,837)</u>	<u>(241)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (225,266)</u>	<u>\$ (55,634)</u>	653,391	<u>\$ 709,025</u>
FUND BALANCES, JANUARY 1			<u>9,884,611</u>	
FUND BALANCES, DECEMBER 31			<u>\$ 10,538,002</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Revenue Sharing Reserve Fund
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	\$ (482,040)	\$ (482,040)	\$ (481,566)	\$ 474
EXCESS (DEFICIENCY) OF REVENUES OVER OTHER FINANCING USES	\$ (482,040)	\$ (482,040)	(481,566)	\$ 474
FUND BALANCE - BEGINNING OF YEAR			2,904,387	
FUND BALANCE - END OF YEAR			\$ 2,422,821	

**Required Supplementary Information
Budgetary Comparison Schedule
Services for Aged
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 675,106	\$ 675,406	\$ 675,481	\$ 75
Federal Sources	35,000	35,000	27,484	(7,516)
State Sources	95,354	95,354	123,306	27,952
Charges for Services	207,000	207,646	207,061	(585)
Interest and Rents	4,500	4,500	2,340	(2,160)
Other Revenue	18,100	18,100	21,990	3,890
TOTAL REVENUES	1,035,060	1,036,006	1,057,662	21,656
EXPENDITURES:				
Health and Welfare	1,016,031	969,590	895,904	73,686
TOTAL EXPENDITURES	1,016,031	969,590	895,904	73,686
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	19,029	66,416	161,758	95,342
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	116,343	102,680	(13,663)
Operating Transfers Out	-	(157,680)	(157,680)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 19,029	\$ 25,079	106,758	\$ 81,679
FUND BALANCE - BEGINNING OF YEAR			30,937	
FUND BALANCE - END OF YEAR			\$ 137,695	

**Required Supplementary Information
Budgetary Comparison Schedule
Housing Project Income
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest and Rents	\$ 4,000	\$ 4,610	\$ 3,914	\$ (696)
Other Revenue	60,000	30,000	38,214	8,214
TOTAL REVENUES	64,000	34,610	42,128	7,518
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(64,000)	(50,000)	(42,413)	7,587
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (15,390)	(285)	\$ 15,105
FUND BALANCE - BEGINNING OF YEAR			89,487	
FUND BALANCE - END OF YEAR			<u>\$ 89,202</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
E-911 Operating
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 843,882	\$ 843,882	\$ 844,700	\$ 818
Interest and Rents	1,000	1,000	1,349	349
Other Revenue	1,000	1,000	1,490	490
TOTAL REVENUES	845,882	845,882	847,539	1,657
EXPENDITURES				
Public Safety	759,946	766,345	688,072	78,273
Capital Outlay	5,000	70,500	4,011	66,489
TOTAL EXPENDITURES	764,946	836,845	692,083	66,489
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	\$ 80,936	\$ 9,037	155,456	\$ 68,146
FUND BALANCE - BEGINNING OF YEAR			384,117	
FUND BALANCE - END OF YEAR			\$ 539,573	

Other Information

County of Antrim, Michigan

**Combining Balance Sheet
General Funds
December 31, 2014**

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal	Information Technology Transition	Grass River
ASSETS:									
Cash and Equivalents - Unrestricted	\$ 7,553,826	\$ 107,087	\$ 574,423	\$ 87,522	\$ 53,907	\$ 261,356	\$ -	\$ 64,179	\$ 46,540
Receivables:									
Taxes	719,476	-	-	-	-	-	-	-	-
Accounts	193,135	-	-	-	-	-	-	-	-
Due From Other Governmental Units	165,218	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 8,631,655	\$ 107,087	\$ 574,423	\$ 87,522	\$ 53,907	\$ 261,356	\$ -	\$ 64,179	\$ 46,540
LIABILITIES:									
Accounts Payable	\$ 481,875	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	157,156	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	639,031	-	-	-	-	-	-	-	-
FUND BALANCES:									
Committed	-	-	-	-	-	-	-	-	46,540
Assigned	-	107,087	574,423	87,522	53,907	261,356	-	64,179	-
Unassigned	7,992,624	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	7,992,624	107,087	574,423	87,522	53,907	261,356	-	64,179	46,540
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,631,655	\$ 107,087	\$ 574,423	\$ 87,522	\$ 53,907	\$ 261,356	\$ -	\$ 64,179	\$ 46,540

**Combining Balance Sheet
General Funds
December 31, 2014**

	County-Wide Recycling	Park Fund Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant	Soldier's Relief	Self-Insured Reserve	Capital Project Building & Structures	Totals
ASSETS:									
Cash and Equivalents - Unrestricted	\$ 104,357	\$ 7,102	\$ 28,413	\$ 664,636	\$ 7,766	\$ 43,943	\$ 279,065	\$ 288,009	\$ 10,172,131
Receivables:									
Taxes	-	-	-	-	-	-	-	-	719,476
Accounts	-	-	-	-	-	-	-	-	193,135
Due From Other Governmental Units	-	-	-	-	-	-	-	-	165,218
TOTAL ASSETS	\$ 104,357	\$ 7,102	\$ 28,413	\$ 664,636	\$ 7,766	\$ 43,943	\$ 279,065	\$ 288,009	\$ 11,249,960
LIABILITIES:									
Accounts Payable	\$ 72,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 554,802
Due to Other Governmental Units	-	-	-	-	-	-	-	-	157,156
TOTAL LIABILITIES	72,927	-	-	-	-	-	-	-	711,958
FUND BALANCES:									
Committed	31,430	-	-	-	-	-	-	288,009	365,979
Assigned	-	-	28,413	-	-	43,943	-	-	1,220,830
Unassigned	-	7,102	-	664,636	7,766	-	279,065	-	8,951,193
TOTAL FUND BALANCES	31,430	7,102	28,413	664,636	7,766	43,943	279,065	288,009	10,538,002
TOTAL LIABILITIES AND FUND BALANCES	\$ 104,357	\$ 7,102	\$ 28,413	\$ 664,636	\$ 7,766	\$ 43,943	\$ 279,065	\$ 288,009	\$ 11,249,960

County of Antrim, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances General Funds For the Year Ended December 31, 2014

	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Prosecuting Attorney Legal	Information Technology Transition	Grass River
REVENUES:									
Taxes	\$ 9,321,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	177,458	-	-	-	-	-	-	-	-
Federal Sources	70,769	-	-	-	-	-	-	-	-
State Sources	799,906	-	-	-	-	-	-	-	-
Local Sources	81,637	-	-	-	-	-	-	-	-
Charges for Services	1,106,336	-	-	-	-	-	-	-	-
Fines and Forfeitures	2,600	-	-	-	-	-	-	-	-
Interest and Rents	255,202	181	977	148	93	442	-	133	81
Other Revenue	411,377	4	23	3	2	10	-	3	2
TOTAL REVENUES	12,227,029	185	1,000	151	95	452	-	136	83
EXPENDITURES:									
Legislative	214,911	-	-	-	-	-	-	-	-
Judicial	1,787,075	-	-	-	-	-	-	-	-
General Government	3,154,572	-	4,337	-	-	-	-	-	52,066
Public Safety	3,696,105	-	-	-	-	-	-	-	-
Public Works	64,406	-	-	-	-	-	-	-	-
Health and Welfare	791,979	-	-	-	-	-	-	-	-
Community/Economic Development	88,576	-	-	-	-	-	-	-	-
Recreation and Cultural	247,513	-	-	-	-	-	-	-	-
Other	647,963	-	-	-	-	-	-	-	-
Debt Service	6,032	-	-	-	-	-	-	-	-
Capital Outlay	290,059	-	-	-	-	-	-	58,547	-
TOTAL EXPENDITURES	10,989,191	-	4,337	-	-	-	-	58,547	52,066
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,237,838	185	(3,337)	151	95	452	-	(58,411)	(51,983)
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	777,005	-	-	-	-	-	-	-	50,150
Operating Transfers Out	(1,226,596)	-	-	-	(2,703)	-	(138)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	788,247	185	(3,337)	151	(2,608)	452	(138)	(58,411)	(1,833)
FUND BALANCES - BEGINNING OF YEAR	7,204,377	106,902	577,760	87,371	56,515	260,904	138	122,590	48,373
FUND BALANCES - END OF YEAR	\$ 7,992,624	\$ 107,087	\$ 574,423	\$ 87,522	\$ 53,907	\$ 261,356	\$ -	\$ 64,179	\$ 46,540

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2014**

	County-Wide Recycling	Park Fund Raiser	GIS Implementation	Budget Stabilization	Clean Lakes Grant Fund	Soldier's Relief	Self-Insured Reserve	Capital Project Buildings & Structures	Totals
REVENUES:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,321,744
Licenses and Permits	-	-	-	-	-	-	-	-	177,458
Federal Sources	-	-	-	-	-	-	-	-	70,769
State Sources	-	-	-	-	-	-	-	-	799,906
Local Sources	-	-	-	-	-	-	-	-	81,637
Charges for Services	-	-	4,388	-	-	-	-	-	1,110,724
Fines and Forfeitures	-	-	-	-	-	-	-	-	2,600
Interest and Rents	245	10	46	1,124	13	-	472	650	259,817
Other Revenue	4	2,126	1	26	-	-	11	36,050	449,642
TOTAL REVENUES	249	2,136	4,435	1,150	13	-	483	36,700	12,274,297
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	214,911
Judicial	-	-	-	-	-	-	-	12,450	1,799,525
General Government	-	-	2,189	-	-	-	-	680	3,213,844
Public Safety	-	-	-	-	-	-	-	-	3,696,105
Public Works	-	-	-	-	-	-	-	-	64,406
Health and Welfare	339,711	-	-	-	-	36,074	-	-	1,167,764
Community/Economic Development	-	-	-	-	-	-	-	-	88,576
Recreation and Cultural	-	-	-	-	-	-	-	-	247,513
Other	-	-	-	-	-	-	-	-	647,963
Debt Service	-	-	-	-	-	-	-	-	6,032
Capital Outlay	-	-	-	-	-	-	-	-	348,606
TOTAL EXPENDITURES	339,711	-	2,189	-	-	36,074	-	13,130	11,495,245
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(339,462)	2,136	2,246	1,150	13	(36,074)	483	23,570	779,052
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	330,000	-	-	-	-	45,000	-	11,021	1,213,176
Operating Transfers Out	-	-	-	-	-	-	-	(109,400)	(1,338,837)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(9,462)	2,136	2,246	1,150	13	8,926	483	(74,809)	653,391
FUND BALANCES - BEGINNING OF YEAR	40,892	4,966	26,167	663,486	7,753	35,017	278,582	362,818	9,884,611
FUND BALANCES - END OF YEAR	\$ 31,430	\$ 7,102	\$ 28,413	\$ 664,636	\$ 7,766	\$ 43,943	\$ 279,065	\$ 288,009	\$ 10,538,002

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
ASSETS:								
Cash and Investments - Unrestricted	\$ 8,439	\$ 492,936	\$ 590	\$ 5,935	\$ 11,772	\$ 268,900	\$ 3,264	\$ 68,583
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,439</u>	<u>\$ 492,936</u>	<u>\$ 590</u>	<u>\$ 5,935</u>	<u>\$ 11,772</u>	<u>\$ 268,900</u>	<u>\$ 3,264</u>	<u>\$ 68,583</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,000	\$ -	\$ 75
Accrued Liabilities	-	-	-	-	-	3,000	-	-
Due to Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>75</u>
FUND BALANCE:								
Restricted	8,439	-	590	5,935	11,772	-	-	-
Committed	-	-	-	-	-	-	-	68,508
Assigned	-	492,936	-	-	-	261,900	3,264	-
TOTAL FUND BALANCES	<u>8,439</u>	<u>492,936</u>	<u>590</u>	<u>5,935</u>	<u>11,772</u>	<u>261,900</u>	<u>3,264</u>	<u>68,508</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,439</u>	<u>\$ 492,936</u>	<u>\$ 590</u>	<u>\$ 5,935</u>	<u>\$ 11,772</u>	<u>\$ 268,900</u>	<u>\$ 3,264</u>	<u>\$ 68,583</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Special Revenue Funds							Local Corrections Officer Training
	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Wireless	
ASSETS:								
Cash and Equivalents	\$ 15,767	\$ 415,278	\$ 1,222	\$ 5,000	\$ 51,427	\$ 20,590	\$ 311,123	\$ 33,348
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	38,242	-
TOTAL ASSETS	<u>\$ 15,767</u>	<u>\$ 415,278</u>	<u>\$ 1,222</u>	<u>\$ 5,000</u>	<u>\$ 51,427</u>	<u>\$ 20,590</u>	<u>\$ 349,365</u>	<u>\$ 33,348</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 4,551	\$ -	\$ -	\$ 2,142	\$ -	\$ -	\$ 1,082
Accrued Liabilities	-	8,669	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>13,220</u>	<u>-</u>	<u>-</u>	<u>2,142</u>	<u>-</u>	<u>-</u>	<u>1,082</u>
FUND BALANCE:								
Restricted	-	402,058	-	-	49,285	20,590	349,365	32,266
Committed	15,767	-	1,222	-	-	-	-	-
Assigned	-	-	-	5,000	-	-	-	-
TOTAL FUND BALANCES	<u>15,767</u>	<u>402,058</u>	<u>1,222</u>	<u>5,000</u>	<u>49,285</u>	<u>20,590</u>	<u>349,365</u>	<u>32,266</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 15,767</u>	<u>\$ 415,278</u>	<u>\$ 1,222</u>	<u>\$ 5,000</u>	<u>\$ 51,427</u>	<u>\$ 20,590</u>	<u>\$ 349,365</u>	<u>\$ 33,348</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Special Revenue Funds							
	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant	AC Breast Cancer	Probate Grant
ASSETS:								
Cash and Equivalents	\$ 12,848	\$ 100	\$ 21,080	\$ 10,099	\$ 13,400	\$ 14,641	\$ -	\$ 3,488
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,848</u>	<u>\$ 100</u>	<u>\$ 21,080</u>	<u>\$ 10,099</u>	<u>\$ 13,400</u>	<u>\$ 14,641</u>	<u>\$ -</u>	<u>\$ 3,488</u>
LIABILITIES:								
Accounts Payable	\$ 1,225	\$ -	\$ -	\$ 3,671	\$ -	\$ 670	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	1,319	-	173
Due to Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>1,225</u>	<u>-</u>	<u>-</u>	<u>3,671</u>	<u>-</u>	<u>1,989</u>	<u>-</u>	<u>173</u>
FUND BALANCE:								
Restricted	-	100	21,080	6,428	-	12,652	-	3,315
Committed	11,623	-	-	-	13,400	-	-	-
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>11,623</u>	<u>100</u>	<u>21,080</u>	<u>6,428</u>	<u>13,400</u>	<u>12,652</u>	<u>-</u>	<u>3,315</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,848</u>	<u>\$ 100</u>	<u>\$ 21,080</u>	<u>\$ 10,099</u>	<u>\$ 13,400</u>	<u>\$ 14,641</u>	<u>\$ -</u>	<u>\$ 3,488</u>

County of Antrim, Michigan

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2014**

	Special Revenue Funds				Debt Service Funds		Capital Project Fund	
	Housing CDBG Grant 03/04	Emergency Services LEPC Grant	Child Care	Veteran's Trust	Meadow View Senior Housing	Meadow Brook Project Debt	2005 Courthouse	MCF Renovations
ASSETS:								
Cash and Equivalents	\$ 7,663	\$ 4,686	\$ 283,167	\$ 1,468	\$ 59,327	\$ 100,145	\$ -	\$ 356,526
Receivables:								
Accounts	-	-	-	-	320	-	-	-
Due From Other Governmental Units	-	-	12,579	-	-	-	-	-
TOTAL ASSETS	<u>\$ 7,663</u>	<u>\$ 4,686</u>	<u>\$ 295,746</u>	<u>\$ 1,468</u>	<u>\$ 59,647</u>	<u>\$ 100,145</u>	<u>\$ -</u>	<u>\$ 356,526</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 7,278	\$ 200	\$ 7,435	\$ -	\$ -	\$ 115,863
Accrued Liabilities	-	-	-	-	2,600	-	-	-
Due to Other Governmental Units	1	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>1</u>	<u>-</u>	<u>7,278</u>	<u>200</u>	<u>10,035</u>	<u>-</u>	<u>-</u>	<u>115,863</u>
FUND BALANCE:								
Restricted	7,662	4,686	288,468	1,268	-	100,145	-	240,663
Committed	-	-	-	-	49,612	-	-	-
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,662</u>	<u>4,686</u>	<u>288,468</u>	<u>1,268</u>	<u>49,612</u>	<u>100,145</u>	<u>-</u>	<u>240,663</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,663</u>	<u>\$ 4,686</u>	<u>\$ 295,746</u>	<u>\$ 1,468</u>	<u>\$ 59,647</u>	<u>\$ 100,145</u>	<u>\$ -</u>	<u>\$ 356,526</u>

	Capital Project Fund	
	Grass River N A Interpretive Center	Total
ASSETS:		
Cash and Equivalents	\$ 214,737	\$ 2,817,549
Receivables:		
Accounts	-	320
Due From Other Governmental Units	-	50,821
TOTAL ASSETS	<u>\$ 214,737</u>	<u>\$ 2,868,690</u>
LIABILITIES:		
Accounts Payable	\$ -	\$ 148,192
Accrued Liabilities	-	15,761
Due to Other Governmental Units	-	1
TOTAL LIABILITIES	<u>-</u>	<u>163,954</u>
FUND BALANCE:		
Restricted	214,737	1,781,504
Committed	-	160,132
Assigned	-	763,100
TOTAL FUND BALANCES	<u>214,737</u>	<u>2,704,736</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 214,737</u>	<u>\$ 2,868,690</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Bellaire Dam Special Assessment	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	4,930	-	-	6,131	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	14	34,637	-	10	17	459	6	116
Other Revenue	-	20	-	-	3,270	11	4,272	6,643
TOTAL REVENUES	14	34,657	4,930	10	3,287	6,601	4,278	6,759
EXPENDITURES:								
Judicial	-	-	5,070	-	-	-	-	-
General Government	-	-	-	-	-	10,696	-	-
Public Safety	-	-	-	-	1,000	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	3,859	2,405
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	5,070	-	1,000	10,696	3,859	2,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	14	34,657	(140)	10	2,287	(4,095)	419	4,354
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	1,000	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	14	34,657	(140)	10	2,287	(4,095)	1,419	4,354
FUND BALANCES - BEGINNING OF YEAR	8,425	458,279	730	5,925	9,485	265,995	1,845	64,154
FUND BALANCES - END OF YEAR	\$ 8,439	\$ 492,936	\$ 590	\$ 5,935	\$ 11,772	\$ 261,900	\$ 3,264	\$ 68,508

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Special Revenue Funds							
	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Wireless	Local Corrections Officer Training
REVENUES:								
Licenses and Permits	\$ -	\$ 474,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	10,031	147,311	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	554	-	-	-	-	-	8,713
Fines and Forfeits	-	-	-	-	47,710	-	-	-
Interest and Rents	-	627	7	47	78	34	451	55
Other Revenue	-	917	-	35,114	2	1	12	1
TOTAL REVENUES	-	476,980	7	35,161	47,790	10,066	147,774	8,769
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	1,940	33,070	-	-	-
Public Safety	-	393,355	-	-	-	9,106	-	6,577
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	545	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	6,926	-	-	-	-	19,389	-
TOTAL EXPENDITURES	545	400,281	-	1,940	33,070	9,106	19,389	6,577
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(545)	76,699	7	33,221	14,720	960	128,385	2,192
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	8,449	-	-	-	-	-
Operating Transfers Out	-	-	(9,236)	(28,221)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(545)	76,699	(780)	5,000	14,720	960	128,385	2,192
FUND BALANCES - BEGINNING OF YEAR	16,312	325,359	2,002	-	34,565	19,630	220,980	30,074
FUND BALANCES - END OF YEAR	\$ 15,767	\$ 402,058	\$ 1,222	\$ 5,000	\$ 49,285	\$ 20,590	\$ 349,365	\$ 32,266

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

Special Revenue Funds

	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant	AC Breast Cancer	Probate Grant
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-	-
State	-	-	4,025	-	-	24,000	-	-
Local	-	-	-	3,500	-	-	-	6,095
Charges for Services	28,417	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	18	-	-	9	-	-	-	-
Other Revenue	1	-	-	203	-	-	-	-
TOTAL REVENUES	28,436	-	4,025	3,712	-	24,000	-	6,095
EXPENDITURES:								
Judicial	-	-	-	24,981	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	23,854	-	3,330	-	-	57,292	-	5,965
Health and Welfare	-	-	-	-	-	-	10,000	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	11,824	-	-
TOTAL EXPENDITURES	23,854	-	3,330	24,981	-	69,116	10,000	5,965
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,582	-	695	(21,269)	-	(45,116)	(10,000)	130
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	25,000	-	57,355	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	4,582	-	695	3,731	-	12,239	(10,000)	130
FUND BALANCES - BEGINNING OF YEAR	7,041	100	20,385	2,697	13,400	413	10,000	3,185
FUND BALANCES - END OF YEAR	\$ 11,623	\$ 100	\$ 21,080	\$ 6,428	\$ 13,400	\$ 12,652	\$ -	\$ 3,315

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Special Revenue Funds				Debt Service Funds		Capital Project Fund	
	Housing CDBG Grant 03/04	Emergency Services LEPC Grant	Child Care	Veteran's Trust	Meadow View Senior Housing	Meadow Brook Project Debt	2005 Courthouse	MCF Renovations
	REVENUES:							
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	180	-	-	-	-	-	-
State	-	-	75,930	9,138	-	-	-	-
Local	-	-	38,150	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	-	-	-	-	102,847	361	14	741
Other Revenue	-	-	32,552	-	2	-	-	58,698
TOTAL REVENUES	-	180	146,632	9,138	102,849	361	14	59,439
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	35,594	-	256,081	8,768	65,569	-	-	1,258,488
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	914,414	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	35,594	-	256,081	8,768	65,569	914,414	-	1,258,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(35,594)	180	(109,449)	370	37,280	(914,053)	14	(1,199,049)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	42,413	-	200,000	-	-	914,250	-	-
Operating Transfers Out	-	-	-	-	-	-	(11,021)	(1,673,338)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	6,819	180	90,551	370	37,280	197	(11,007)	(2,872,387)
FUND BALANCES - BEGINNING OF YEAR	843	4,506	197,917	898	12,332	99,948	11,007	3,113,050
FUND BALANCES - END OF YEAR	\$ 7,662	\$ 4,686	\$ 288,468	\$ 1,268	\$ 49,612	\$ 100,145	\$ -	\$ 240,663

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2014**

	Capital Project Fund		Grass River N A Interpretive Center	Total
REVENUES:				
Licenses and Permits	\$ -		\$ 474,882	
Federal	-		180	
State	-		270,435	
Local	-		47,745	
Charges for Services	-		48,745	
Fines and Forfeits	-		47,710	
Interest and Rents	-		140,548	
Other Revenue	-		141,719	
	-		1,171,964	
TOTAL REVENUES				
EXPENDITURES:				
Judicial	-		30,051	
General Government	-		45,706	
Public Safety	-		500,479	
Health and Welfare	-		1,634,500	
Recreation and Culture	80		6,889	
Debt Service	-		914,414	
Capital Outlay	-		38,139	
	80		3,170,178	
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(80)		(1,998,214)	
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-		1,248,467	
Operating Transfers Out	-		(1,721,816)	
	-		(473,349)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(80)		(2,471,563)	
FUND BALANCES - BEGINNING OF YEAR	214,817		5,176,299	
FUND BALANCES - END OF YEAR	\$ 214,737		\$ 2,704,736	

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2014**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 216,973	\$ 340,316	\$ 177,042	\$ 734,331
Accounts Receivables	43,239	-	60,015	103,254
Due From Other Governments	-	-	9,128	9,128
Prepaid Items	-	-	2,772	2,772
Inventories	-	-	32,996	32,996
Capital Assets (Net of Accumulated Depreciation)	2,144,822	83,756	799,013	3,027,591
TOTAL ASSETS	2,405,034	424,072	1,080,966	3,910,072
LIABILITIES:				
Accounts Payable	14,692	-	46,998	61,690
Accrued Liabilities	7,368	-	14,970	22,338
TOTAL LIABILITIES	22,060	-	61,968	84,028
NET POSITION:				
Net Investment in Capital Assets	2,144,822	83,756	799,013	3,027,591
Unrestricted	238,152	340,316	219,985	798,453
TOTAL NET POSITION	\$ 2,382,974	\$ 424,072	\$ 1,018,998	\$ 3,826,044

**Combining Statement of Revenues, Expenses, and Changes
in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2014**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
OPERATING REVENUES:				
Charges for Services	\$ 267,594	\$ 29,479	\$ 369,104	\$ 666,177
Other Income	113,013	-	-	113,013
TOTAL OPERATING REVENUES	380,607	29,479	369,104	779,190
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	253,397	-	595,824	849,221
Depreciation	180,367	18,099	228,575	427,041
Other Expenses	323,499	-	354,994	678,493
TOTAL OPERATING EXPENSES	757,263	18,099	1,179,393	1,954,755
OPERATING INCOME (LOSS)	(376,656)	11,380	(810,289)	(1,175,565)
NON OPERATING REVENUES (EXPENSES):				
Interest Earnings	374	569	289	1,232
Oil and Gas Royalties	3,383	-	-	3,383
Federal Grants - Section 5311	276,476	-	167,553	444,029
State Grants - Section 5311	14,431	-	334,140	348,571
TOTAL NONOPERATING REVENUES (EXPENSES)	294,664	569	501,982	797,215
INCOME (LOSS) BEFORE TRANSFERS	(81,992)	11,949	(308,307)	(378,350)
Operating Transfers In	268,198	-	150,703	418,901
Changes in Net Position	186,206	11,949	(157,604)	40,551
NET POSITION - BEGINNING OF YEAR	2,196,768	412,123	1,176,602	3,785,493
NET POSITION - END OF YEAR	\$ 2,382,974	\$ 424,072	\$ 1,018,998	\$ 3,826,044

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2014**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 375,164	\$ 29,479	\$ 358,792	\$ 763,435
Cash Payments for Goods and Service	(341,806)	-	(330,560)	(672,366)
Cash Payments to Employees for Services/Fringe Benefits	(251,192)	-	(593,070)	(844,262)
Net Cash Provided (Used) by Operating Activities	<u>(217,834)</u>	<u>29,479</u>	<u>(564,838)</u>	<u>(753,193)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	268,198	-	150,703	418,901
Operating Grants Received	-	-	463,592	463,592
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>268,198</u>	<u>-</u>	<u>614,295</u>	<u>882,493</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(308,575)	-	(47,393)	(355,968)
Capital Acquisition Grants - Received in Cash	290,907	-	47,393	338,300
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(17,668)</u>	<u>-</u>	<u>-</u>	<u>(17,668)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income	374	569	289	1,232
Oil & Gas Royalties	3,383	-	-	3,383
Net Cash Provided (Used) by Investing Activities	<u>3,757</u>	<u>569</u>	<u>289</u>	<u>4,615</u>
Net Increase (Decrease) in Cash and Equivalents	36,453	30,048	49,746	116,247
Cash and Equivalents - Beginning of the Year	180,520	310,268	127,296	618,084
Cash and Equivalents - End of Year	<u>\$ 216,973</u>	<u>\$ 340,316</u>	<u>\$ 177,042</u>	<u>\$ 734,331</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (376,656)	\$ 11,380	\$ (810,289)	\$ (1,175,565)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	180,367	18,099	228,575	427,041
Change in Assets and Liabilities:				
Accounts Receivable	(5,443)	-	(10,312)	(15,755)
Inventories	-	-	(10,122)	(10,122)
Prepaid Items	-	-	(210)	(210)
Accounts Payable	(18,307)	-	34,766	16,459
Accrued Liabilities	2,205	-	2,754	4,959
Net Cash Provided (Used) by Operating Activities	<u>\$ (217,834)</u>	<u>\$ 29,479</u>	<u>\$ (564,838)</u>	<u>\$ (753,193)</u>

Report on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County of Antrim, Michigan's basic financial statements and have issued our report thereon dated June 19, 2015. Our report includes reference to other auditors who audited the financial statements of the Meadow Brook Medical Care Facility, as described in our report on the County of Antrim, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Members of the Board of Commissioners
County of Antrim, Michigan

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompany schedule of findings and responses that we consider to be a significant deficiency listed as 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Antrim, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 2014-001.

County of Antrim, Michigan's Response to Findings

The County of Antrim, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The County of Antrim, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



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

June 19, 2014

Significant Deficiencies – Noncompliance with State Statutes

Excess Expenditures Over Appropriations

Finding 2014-001

Condition: Our examination indicated one instance of noncompliance with the provisions of Public Act 621 of 1978, Section 18(1), as amended, the Uniform Budgeting and Accounting Act.

The County’s 2014 General Appropriations Act (budget) provided for expenditures of the General Fund to be controlled to the activity level. During the fiscal year ended December 31, 2014, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund on page 49 of the financial statements.

Criteria: The expenditures of funds in excess of appropriations are contrary to the provisions of Public Act 621 of 1978, as amended.

During the year ended December 31, 2014, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Health and Welfare	\$ 1,079,151	\$ 1,167,764	\$ (88,613)

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

Cause: Additional billings for fiscal year 2014 were submitted after year end that were unknown to management of Antrim County.

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

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

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



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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MICHIGAN & WISCONSIN**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan for the year ended December 31, 2014, and have issued our report thereon dated June 19, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated November 13, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters dated November 13, 2014.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Antrim, Michigan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate to determine that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be zero.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 19, 2014.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Comments and Recommendations

Transfers In and Transfers Out (Prior Year)

It was noted that transfers in and out of funds are not always coded to the appropriate transfer line items within the funds. Several instances of coding transfers to operating supplies expenditure and other revenue line items were noted. It is recommended that the County account for all transfers within the appropriate transfer line items.

Status: In process.

Cash (Prior Year)

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

Status: Corrected.

Disbursements (Prior Year)

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

Status: Corrected.

Pension Reporting

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

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

Uniform Administrative Requirements

During December 2013, the Office of Management and Budget released its final version of the “*Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards.*” The guidance is applicable to federal grants and cooperative agreements and provides a comprehensive consolidation and revision of OMB Circulars which currently govern Federal and some non-Federal entities. The guidance combines A-110 and A-102 into a single set of administrative rules, combines A-21, A-87 and A-122 into a single set of consolidated cost principles and revises the language of A-133. This publication is designed to provide a single document which will serve as a “one-stop shop” for financial assistance regulatory requirements for all awarding agencies. The new requirements will be effective and applicable for audits of years beginning on or after December 26, 2014.

Revisions Related to Single Audit Requirements

The Office of Management and Budget set forth new consolidated audit standards for entities receiving Federal financial assistance awards and replaces OMB Circular A-133. The changes within the final guidance primarily combine the guidance in OMB A-133 and A-50 on audit follow-up. The guidance reflects a movement to focus these audits and oversight efforts on higher dollar, higher risk awards and focus oversight on improper payments, waste, fraud, and abuse.

Most significantly, the threshold triggering a single audit or program-specific audit requirements is increased to \$750,000 or more in annual Federal awards. These requirements apply equally to recipients and sub-recipients under Federal programs. The final guidelines incorporate an exception to these audit requirements for non-U.S.-based entities expending Federal awards.

Further, the final guidance increases the minimum threshold for reporting questioned costs from \$10,000 to \$25,000 to focus on the audit findings presenting the greatest risk. OMB believes this will eliminate smaller-dollar audit findings, which require utilization of resources for follow-up audits that are unlikely to indicate significant weaknesses in internal controls.

These changes necessitate a careful review and analysis of an organization's current business practices. Although OMB has raised certain thresholds for audit and materiality, it has also improved mechanisms of oversight related to mandatory disclosures, pre-award review of risks, standards for financial and program management, sub-recipient monitoring, and remedies for noncompliance. The revisions are effective for audits of years beginning on or after December 26, 2014.

Fair Value of Investments

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

Other Matters

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

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

Conclusion

This information is intended solely for the information and use of the Board of Commissioners, management, federal and state awarding agencies, pass-through entities and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



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

June 19, 2015