

County of Antrim, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2018

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:	
MERS:	
Schedule of Changes in Pension Liability.....	60
Schedule of Employer Contributions	61
Other:	
Schedule of Changes in Pension Liability and Related Ratios.....	62
Major Funds:	
Budgetary Comparison Schedule – General	63
Budgetary Comparison Schedule – Services for the Aged.....	66
Budgetary Comparison Schedule – Housing Project Income.....	67
Budgetary Comparison Schedule – E-911 Operating.....	68

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER INFORMATION:	
Combining Balance Sheet – General Funds.....	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – General Funds	71
Combining Balance Sheet – Nonmajor Governmental Funds.....	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds	78
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	83
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	84
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	85
REPORT 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 <i>Government Auditing Standards</i>	86



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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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, of the County of Antrim, Michigan, as of and for the year ending December 31, 2018, 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 55 percent, 48 percent, and 92 percent, respectively, of the assets, net position, and revenue of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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, 2018, 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, Employee Retirement and Benefit Systems, and budgetary comparison information on pages 4 through 11, pages 60 through 62, and pages 63 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Members of the Board of Commissioners
County of Antrim, Michigan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Antrim of County, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Antrim, Michigan's internal control over financial reporting and compliance.



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

June 21, 2019

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, 2018. 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, 2018 by \$56,157,763. Of this amount \$12,857,103 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- * At December 31, 2018, the County's governmental funds reported combined ending fund balance of \$20,049,266.
- * At December 31, 2018, unassigned fund balance for the General Fund was \$12,100,383 or 71% of General Fund expenditures and transfers out.
- * Governmental funds revenues were \$17,167,220.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The County maintains 61 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, considered to be the major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14-15 of this report.

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

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

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

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

Notes To Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-59 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 60-68 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 69-85 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 was \$56,157,763 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	
	2018	2017	2018	2017	2018	2017
Current Assets	\$ 24,442,735	\$ 23,141,839	\$ 25,925,970	\$ 26,211,897	\$ 50,368,705	\$ 49,353,736
Capital Assets	17,646,757	17,368,215	17,920,626	18,435,030	35,567,383	35,803,245
Total Assets	42,089,492	40,510,054	43,846,596	44,646,927	85,936,088	85,156,981
Deferred Outflows of Resources	1,918,733	789,319	1,191,544	1,619,597	3,110,277	2,408,916
Current Liabilities	1,523,319	1,431,630	1,615,031	1,775,865	3,138,350	3,207,495
Noncurrent Liabilities	19,446,762	18,418,212	4,427,872	5,182,588	23,874,634	23,600,800
Total Liabilities	20,970,081	19,849,842	6,042,903	6,958,453	27,012,984	26,808,295
Deferred Inflows of Resources	3,571,462	3,677,819	2,304,156	2,010,960	5,875,618	5,688,779
Net Position						
Net Investment in Capital Assets	17,646,757	17,368,215	17,920,626	18,435,030	35,567,383	35,803,245
Restricted	5,319,721	4,847,482	2,413,556	418,198	7,733,277	5,265,680
Unrestricted (Deficit)	(3,499,796)	(4,443,985)	16,356,899	18,443,883	12,857,103	13,999,898
Total Net Position	\$ 19,466,682	\$ 17,771,712	\$ 36,691,081	\$ 37,297,111	\$ 56,157,763	\$ 55,068,823

The County uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Total net investment in capital assets is 63% of total net position. An additional portion of the County's total 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 total net position is 23%. 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	
	2018	2017	2018	2017	2018	2017
Program Revenues						
Charges for Services	\$ 2,458,548	\$ 2,519,768	\$ 19,066,004	\$ 18,092,944	\$ 21,524,552	\$ 20,612,712
Operating Grants and Contributions	1,710,051	1,602,485	513,775	430,494	2,223,826	2,032,979
Capital Grants and Contributions	-	-	352,776	1,083,285	352,776	1,083,285
General Revenues						
Property Taxes	12,322,990	11,408,577	1,794,427	1,748,018	14,117,417	13,156,595
Convention Tax	123,443	115,019	-	-	123,443	115,019
Investment Earnings and Rents	552,188	470,057	192,462	100,370	744,650	570,427
Gain (Loss) on Sale of Capital Assets	-	-	-	2,900	-	2,900
Total Revenues	17,167,220	16,115,906	21,919,444	21,458,011	39,086,664	37,573,917
Program Expenses						
Legislative	306,954	276,525	-	-	306,954	276,525
Judicial	1,736,508	1,681,998	-	-	1,736,508	1,681,998
General Government	4,187,158	3,910,683	-	-	4,187,158	3,910,683
Public Safety	5,942,235	5,873,543	-	-	5,942,235	5,873,543
Public Works	63,404	60,891	-	-	63,404	60,891
Health and Welfare	2,428,030	2,359,907	-	-	2,428,030	2,359,907
Community/Economic Development	49,805	117,557	-	-	49,805	117,557
Recreation and Culture	316,220	310,722	-	-	316,220	310,722
Interest - Unallocated	353,625	369,375	-	-	353,625	369,375
Delinquent Property Tax	-	-	343,294	216,275	343,294	216,275
Medical Care Facility	-	-	19,396,234	18,585,526	19,396,234	18,585,526
Other Expense	1,047,517	874,217	1,874,081	1,633,001	2,921,598	2,507,218
Total Expenses	16,431,456	15,835,418	21,613,609	20,434,802	38,045,065	36,270,220
Changes in Net Position Before Transfers	735,764	280,488	305,835	1,023,209	1,041,599	1,303,697
Transfers - Net	911,865	1,216,868	(911,865)	(1,216,868)	-	-
Changes in Net Position	1,647,629	1,497,356	(606,030)	(193,659)	1,041,599	1,303,697
Net Position - Beginning	17,819,053	16,274,356	37,297,111	37,490,770	55,116,164	53,765,126
Net Position - Ending	\$ 19,466,682	\$ 17,771,712	\$ 36,691,081	\$ 37,297,111	\$ 56,157,763	\$ 55,068,823

Governmental Activities

Total governmental activities increased the County's net position by \$1,647,629. The increase in the governmental activities net position was primarily due to transfers from business-type activities.

Government activities include:

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

Business-Type Activities

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

Business-type activities decreased the County's net position after transfers by \$606,030. The decrease in the business-type activities net position was primarily due to transfers to governmental activities. The Medical Care Facility also showed a decrease in net position. The Transportation Fund showed also a decrease in net position for the year.

Business-type activities include:

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

Financial Analysis of the Government’s Funds

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

Governmental funds - The focus of the County governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County financing requirements. In particular unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Unassigned fund balance represented 73% of annual governmental expenditures in 2018 in the governmental funds.

The General Fund fund balance increased by \$334,490 from \$13,547,739 to \$13,882,229 during 2018.

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>2017</u>	<u>2018</u>
<u>Enterprise Funds</u>		
100% Tax Payment Fund	\$ 14,589,074	\$ 12,806,998
Medical Care Facility	\$ 3,199,966	\$ 2,912,372
Airport Fund	\$ 420,803	\$ 448,995
Elk Rapids Hydro Electric	\$ 213,688	\$ 230,024
Transportation Fund	\$ 20,352	\$ (41,490)

General Fund Budgetary Highlights

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

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

Revenues:

Camping Fees were increased by	\$ 48,558
Register of Deeds Transfer Tax was increased by	\$ 51,994
Register of Deeds Revenue was increased by	\$ 101,819
Transfers In were increased by	\$ 529,743

Expenditures:

General Government was increased by	\$ 118,871
Public Safety was increased by	\$ 98,557
Recreation and Culture was increased by	\$ 29,371
Capital Outlay was increased by	\$ 623,099

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 \$10,650,000 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 2017 to 2018. The increase is expected to continue in 2019.

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 2019.

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, 2018

	Primary Government		Totals	Component Unit
	Governmental Activities	Business-type Activities		
ASSETS:				
Cash and Investments	\$ 20,110,946	\$ 20,998,802	\$ 41,109,748	\$ 2,092,065
Receivables:				
Accounts	49,022	1,385,298	1,434,320	29,142
Current Taxes	2,823,413	2,976,569	5,799,982	-
Interest and Penalties	-	342,436	342,436	-
Other Governments	266,726	439	267,165	1,249,019
Mortgages	1,192,628	-	1,192,628	-
Inventories	-	82,175	82,175	617,715
Prepaid Items	-	5,222	5,222	47,636
Other Assets	-	135,029	135,029	-
Capital Assets Not Depreciated	11,176,631	336,254	11,512,885	17,590,717
Capital Assets (Net of Accumulated Depreciation)	6,470,126	17,584,372	24,054,498	17,016,662
TOTAL ASSETS	42,089,492	43,846,596	85,936,088	38,642,956
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Items	1,918,733	1,191,544	3,110,277	707,104
LIABILITIES:				
Accounts Payable	700,227	610,543	1,310,770	65,334
Accrued Liabilities	273,092	1,004,488	1,277,580	32,909
Advance from Other Governments	-	-	-	574,921
Bonds Payable - Due within one year	550,000	-	550,000	-
Bonds Payable - Due in more than one year	10,100,000	-	10,100,000	-
Net Pension Liability - Due in more than one year	8,948,166	4,411,356	13,359,522	7,122,768
Vested Employee Benefits - Due in more than one year	279,655	16,516	296,171	160,936
OPEB Liability - Due in more than one year	-	-	-	2,475,383
Other Pension Benefits - Due in more than one year	118,941	-	118,941	-
TOTAL LIABILITIES	20,970,081	6,042,903	27,012,984	10,432,251
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	3,420,150	1,861,349	5,281,499	-
Pension Items	151,312	442,807	594,119	41,069
TOTAL DEFERRED INFLOWS OF RESOURCES	3,571,462	2,304,156	5,875,618	41,069
NET POSITION:				
Net Investment in Capital Assets	17,646,757	17,920,626	35,567,383	34,607,379
Restricted	5,319,721	2,413,556	7,733,277	-
Unrestricted (Deficit)	(3,499,796)	16,356,899	12,857,103	(5,730,639)
TOTAL NET POSITION	\$ 19,466,682	\$ 36,691,081	\$ 56,157,763	\$ 28,876,740

County of Antrim, Michigan

Statement of Activities For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 306,954	\$ -	\$ -	\$ -	\$ (306,954)	\$ -	\$ (306,954)	\$ -
Judicial	1,736,508	424,447	402,464	-	(909,597)	-	(909,597)	-
General Government	4,187,158	739,875	413,620	-	(3,033,663)	-	(3,033,663)	-
Public Safety	5,942,235	878,497	351,733	-	(4,712,005)	-	(4,712,005)	-
Public Works	63,404	-	-	-	(63,404)	-	(63,404)	-
Health & Welfare	2,428,030	190,366	527,293	-	(1,710,371)	-	(1,710,371)	-
Community and Economic Development	49,805	-	-	-	(49,805)	-	(49,805)	-
Recreation and Culture	316,220	225,363	14,941	-	(75,916)	-	(75,916)	-
Other	1,047,517	-	-	-	(1,047,517)	-	(1,047,517)	-
Interest - Unallocated	353,625	-	-	-	(353,625)	-	(353,625)	-
Total Governmental Activities	16,431,456	2,458,548	1,710,051	-	(12,262,857)	-	(12,262,857)	-
Business-type Activities:								
Delinquent Property Tax	343,294	911,317	-	-	-	568,023	568,023	-
Medical Care Facility	19,396,234	17,555,972	-	-	-	(1,840,262)	(1,840,262)	-
Other	1,874,081	598,715	513,775	352,776	-	(408,815)	(408,815)	-
Total Business-type Activities	21,613,609	19,066,004	513,775	352,776	-	(1,681,054)	(1,681,054)	-
Total Primary Government	38,045,065	21,524,552	2,223,826	352,776	(12,262,857)	(1,681,054)	(13,943,911)	-
Component Unit:								
Road Commission	6,505,629	958,293	4,776,082	3,008,918				2,237,664
Total Component Unit	6,505,629	958,293	4,776,082	3,008,918				2,237,664
Total	\$ 44,550,694	\$ 22,482,845	\$ 6,999,908	\$ 3,361,694				
General Revenues and Transfers:								
Property Taxes - Real					12,322,990	1,794,427	14,117,417	-
Convention Taxes					123,443	-	123,443	-
Investment Earnings and Rents					552,188	192,462	744,650	14,837
Gain (Loss) on Sale of Capital Assets					-	-	-	85,884
Transfers - Internal Activities					911,865	(911,865)	-	-
Total General Revenues and Transfers					13,910,486	1,075,024	14,985,510	100,721
Changes in Net Position					1,647,629	(606,030)	1,041,599	2,338,385
Net Position - Beginning					17,819,053	37,297,111	55,116,164	26,538,355
Net Position - Ending					\$ 19,466,682	\$ 36,691,081	\$ 56,157,763	\$ 28,876,740

County of Antrim, Michigan

**Balance Sheet
Governmental Funds
December 31, 2018**

	General Funds	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Investments	\$ 13,758,079	\$ 990,681	\$ 71,027	\$ 1,051,937	\$ 4,239,222	\$ 20,110,946
Receivables:						
Taxes	970,715	741,439	-	926,193	185,066	2,823,413
Accounts	44,595	-	-	-	4,427	49,022
Mortgages	-	-	1,192,628	-	-	1,192,628
Due from Governmental Units	209,980	-	-	-	56,746	266,726
TOTAL ASSETS	\$ 14,983,369	\$ 1,732,120	\$ 1,263,655	\$ 1,978,130	\$ 4,485,461	\$ 24,442,735
LIABILITIES:						
Accounts Payable	\$ 518,589	\$ 22,423	\$ -	\$ 48,665	\$ 110,550	\$ 700,227
Accrued Liabilities	211,347	17,010	-	24,635	20,100	273,092
TOTAL LIABILITIES	729,936	39,433	-	73,300	130,650	973,319
DEFERRED INFLOWS OF RESOURCES:						
Taxes Levied for a Subsequent Period	371,204	745,489	1,192,628	925,779	185,050	3,420,150
FUND BALANCES:						
Restricted	448,189	947,198	71,027	979,051	2,874,256	5,319,721
Committed	222,571	-	-	-	286,158	508,729
Assigned	1,111,086	-	-	-	1,009,347	2,120,433
Unassigned	12,100,383	-	-	-	-	12,100,383
TOTAL FUND BALANCES	13,882,229	947,198	71,027	979,051	4,169,761	20,049,266
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 14,983,369	\$ 1,732,120	\$ 1,263,655	\$ 1,978,130	\$ 4,485,461	
Reconciliation to amounts reported for governmental activities in the statement of net position:						
Capital assets used by governmental activities						17,646,757
Long term installment notes and bonds payable for governmental activities						(10,650,000)
Vested employee benefits						(279,655)
Net pension liability and deferred outflows						(7,180,745)
Other pension benefits liability						(118,941)
Net position of governmental activities						\$ 19,466,682

County of Antrim, Michigan

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

	General Funds	Services for Aged	Housing Project Income	E-911 Operating	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes and Penalties	\$ 10,529,952	\$ 717,257	\$ -	\$ 896,614	179,167	\$ 12,322,990
Licenses and Permits	268,543	-	-	-	637,129	905,672
Federal	51,592	92,042	-	-	3,967	147,601
State	698,239	149,943	-	-	322,124	1,170,306
Local	-	-	-	-	3,500	3,500
Charges for Services	1,228,126	153,827	-	-	115,038	1,496,991
Fines and Forfeits	4,524	-	-	-	48,005	52,529
Interest and Rents	350,990	12,143	2,798	13,007	167,753	546,691
Other Revenue	327,214	77,583	42,474	622	73,047	520,940
TOTAL REVENUES	13,459,180	1,202,795	45,272	910,243	1,549,730	17,167,220
EXPENDITURES:						
Legislative	306,954	-	-	-	-	306,954
Judicial	1,673,538	-	-	-	35,243	1,708,781
General Government	3,680,537	-	-	-	180,311	3,860,848
Public Safety	4,268,417	-	-	814,011	602,185	5,684,613
Public Works	63,404	-	-	-	-	63,404
Health and Welfare	1,014,536	956,904	-	-	422,337	2,393,777
Community/Economic Development	49,805	-	-	-	-	49,805
Recreation and Culture	264,619	-	-	-	20,200	284,819
Capital Outlay	563,103	-	-	61,421	151,129	775,653
Other	1,048,476	-	-	-	-	1,048,476
Debt Service	-	-	-	-	903,625	903,625
TOTAL EXPENDITURES	12,933,389	956,904	-	875,432	2,315,030	17,080,755
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	525,791	245,891	45,272	34,811	(765,300)	86,465
OTHER FINANCING SOURCES (USES):						
Operating Transfers In	1,478,537	-	-	-	1,130,464	2,609,001
Operating Transfers Out	(1,669,838)	-	(24,298)	-	(3,000)	(1,697,136)
TOTAL OTHER FINANCING SOURCES (USES)	(191,301)	-	(24,298)	-	1,127,464	911,865
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	334,490	245,891	20,974	34,811	362,164	998,330
FUND BALANCES, JANUARY 1, as Restated	13,547,739	701,307	50,053	944,240	3,807,597	19,050,936
FUND BALANCES, DECEMBER 31	\$ 13,882,229	\$ 947,198	\$ 71,027	\$ 979,051	\$ 4,169,761	\$ 20,049,266

**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, 2018**

Net changes in fund balances - total governmental funds \$ 998,330

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	776,612
Depreciation Expense	(498,070)

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

Bond Repayment - MCF Debt	550,000
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Vested employee benefits payable do not require the current use of financial resources and are not reported as expenditures in the fund statements.

Vested Employee Benefits	(16,494)
Other Pension Benefits	176,996
Pension investment, experience and assumption changes	<u>(339,745)</u>

Changes in net position of governmental activities	<u><u>\$ 1,647,629</u></u>
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**Statement of Net Position
Proprietary Funds
December 31, 2018**

	Business-type Activities - Enterprise Funds			
	Major			
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS:				
Cash and Investments	\$ 13,357,982	\$ 6,677,859	\$ 962,961	\$ 20,998,802
Receivables:				
Accounts	-	1,274,302	110,996	1,385,298
Taxes	1,115,220	1,861,349	-	2,976,569
Interest and Penalties	342,436	-	-	342,436
Due from Other Governments	-	-	439	439
Prepaid Items	-	-	5,222	5,222
Inventory	-	-	82,175	82,175
Other Assets	-	135,029	-	135,029
Capital Assets (Not Depreciated)	-	-	336,254	336,254
Capital Assets (Net of Accumulated Depreciation)	-	14,308,954	3,275,418	17,584,372
TOTAL ASSETS	14,815,638	24,257,493	4,773,465	43,846,596
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Items	-	1,068,580	122,964	1,191,544
LIABILITIES:				
Accounts Payable	12,353	572,045	26,145	610,543
Accrued Liabilities	-	983,069	21,419	1,004,488
Vested Employee Benefits - Due in more than one year	-	-	16,516	16,516
Net Pension Liability - Due in more than one year	-	3,837,905	573,451	4,411,356
TOTAL LIABILITIES	12,353	5,393,019	637,531	6,042,903
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	-	1,861,349	-	1,861,349
Pension Items	-	433,110	9,697	442,807
TOTAL DEFERRED INFLOWS OF RESOURCES	-	2,294,459	9,697	2,304,156
NET POSITION:				
Net Investment in Capital Assets	-	14,308,954	3,611,672	17,920,626
Restricted	1,996,287	417,269	-	2,413,556
Unrestricted	12,806,998	2,912,372	637,529	16,356,899
TOTAL NET POSITION	\$ 14,803,285	\$ 17,638,595	\$ 4,249,201	\$ 36,691,081

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2018**

	Business-type Activities - Enterprise Funds			
	Major			Total Enterprise Funds
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	
OPERATING REVENUES:				
Interest and Penalties on Taxes	\$ 371,319	\$ -	\$ -	\$ 371,319
Charges for Services	195,680	17,517,946	589,284	18,302,910
Sale of Properties at Tax Auction	344,318	-	-	344,318
Other Income	-	38,026	9,431	47,457
TOTAL REVENUES	911,317	17,555,972	598,715	19,066,004
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	-	12,513,745	1,030,856	13,544,601
Depreciation	-	1,645,614	316,212	1,961,826
Other Expenses	343,294	5,236,875	527,013	6,107,182
TOTAL EXPENSES	343,294	19,396,234	1,874,081	21,613,609
OPERATING INCOME (LOSS)	568,023	(1,840,262)	(1,275,366)	(2,547,605)
NON-OPERATING REVENUES (EXPENSES):				
Interest Earnings & Gains	124,391	57,893	9,437	191,721
Oil and Gas Royalties	276	-	465	741
Property Taxes - Real	-	1,794,427	-	1,794,427
Other	-	1,807	-	1,807
Federal Grants	-	-	470,886	470,886
State Grants	-	-	393,858	393,858
TOTAL NON-OPERATING REVENUES (EXPENSES)	124,667	1,854,127	874,646	2,853,440
INCOME (LOSS) BEFORE TRANSFERS	692,690	13,865	(400,720)	305,835
Operating Transfers In	-	-	470,239	470,239
Operating Transfers Out	(478,479)	(903,625)	-	(1,382,104)
CHANGES IN NET POSITION	214,211	(889,760)	69,519	(606,030)
NET POSITION, JANUARY 1	14,589,074	18,528,355	4,179,682	37,297,111
NET POSITION, DECEMBER 31	\$ 14,803,285	\$ 17,638,595	\$ 4,249,201	\$ 36,691,081

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018**

	Business-type Activities - Enterprise Funds			
	Major			
	100% Tax Payment	Medical Care Facility	Nonmajor Enterprise Funds	Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers and QAS	\$ -	\$ 17,070,957	\$ 601,072	\$ 17,672,029
Cash Received from Sale of Taxes on Auction	344,318	-	-	344,318
Cash Received for Delinquent Taxes	2,674,904	-	-	2,674,904
Cash Payments for Goods and Services	(331,562)	(17,516,236)	(616,493)	(18,464,291)
Cash Received from Penalties and Interest on Delinquent Taxes	540,643	-	-	540,643
Cash Received from Other Sources	-	38,026	-	38,026
Cash Payment to Employees for Services/Fringe Benefits	-	-	(886,438)	(886,438)
Cash Payments for Delinquent Taxes	(2,667,053)	-	-	(2,667,053)
Net Cash Provided (Used) by Operating Activities	<u>561,250</u>	<u>(407,253)</u>	<u>(901,859)</u>	<u>(747,862)</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	(478,479)	-	470,239	(8,240)
Proceeds from County Tax Levy	-	1,794,427	-	1,794,427
Contributions Received	-	1,807	-	1,807
Operating Grants Received	-	-	566,773	566,773
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(478,479)</u>	<u>1,796,234</u>	<u>1,037,012</u>	<u>2,354,767</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	-	(1,052,363)	(403,045)	(1,455,408)
Proceeds from Sale of Capital Assets	-	300	-	300
Transfer to County for Long-Term Debt Payment	-	(903,625)	-	(903,625)
Capital Acquisition Grants - Received in Cash	-	-	352,776	352,776
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(1,955,688)</u>	<u>(50,269)</u>	<u>(2,005,957)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Oil and Gas Royalties	276	-	465	741
Interest Earnings & Gains	124,391	57,893	9,437	191,721
Net Cash Provided (Used) by Investing Activities	<u>124,667</u>	<u>57,893</u>	<u>9,902</u>	<u>192,462</u>
Net Increase (Decrease) in Cash and Equivalents	207,438	(508,814)	94,786	(206,590)
Balances - Beginning of the Year	<u>13,150,544</u>	<u>7,186,673</u>	<u>868,175</u>	<u>21,205,392</u>
Balances - End of the Year	<u>\$ 13,357,982</u>	<u>\$ 6,677,859</u>	<u>\$ 962,961</u>	<u>\$ 20,998,802</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 568,023	\$ (1,840,262)	\$ (1,275,366)	\$ (2,547,605)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	-	1,645,614	316,212	1,961,826
Pension GASB 68 Adjustment	-	-	146,161	146,161
Provision for Bad Debt Expense	-	39,085	-	39,085
Amortization of Deferred Outflows	-	143,061	-	143,061
Loss on Disposal	-	7,686	-	7,686
Change in Assets and Liabilities:				
Accounts Receivable	-	-	2,357	2,357
Delinquent Taxes Receivable	7,851	77,146	-	84,997
Interest and Penalties Receivable	(26,356)	-	-	(26,356)
Prepaid Items	-	-	140	140
Inventories	-	-	(12,430)	(12,430)
Other Assets	-	(14,319)	-	(14,319)
Accounts Payable	-	(60,872)	(77,190)	(138,062)
Accrued Liabilities	11,732	(528,946)	(1,743)	(518,957)
Deferred Outflows	-	674,558	-	674,558
Net Pension Liability	-	(550,004)	-	(550,004)
Net Cash Provided (Used) by Operating Activities	<u>\$ 561,250</u>	<u>\$ (407,253)</u>	<u>\$ (901,859)</u>	<u>\$ (747,862)</u>

Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2018

	<u>Agency Funds</u>
ASSETS:	
Cash and Investments	\$ 729,970
 TOTAL ASSETS	 <u>\$ 729,970</u>
 LIABILITIES:	
Due to Governmental Units	\$ 132,296
Undistributed Tax Collections	571,659
Other Liabilities	<u>89,015</u>
 TOTAL LIABILITIES	 <u>\$ 792,970</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.

Blended Component Units

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations

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

The funding formula for the Community Mental Health operations is in accordance with an agreement approved by all of the member counties and the local contribution was frozen, by statute, at the amount contributed in the year 2002. For 2018, Antrim County's local match was \$145,611. Their financial statements are not required, under GASB No. 61, to be included in the Antrim County report.

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

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

B – Government-Wide and Fund Financial Statements:

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

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

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

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

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

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

Taxes Receivable

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

The County's winter 2017 and summer 2018 ad valorem taxes were levied and collectible on December 1, 2017 and July 1, 2018, respectively. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's winter 2017 and summer 2018 tax levies have been recognized as revenue in the current fiscal year. The 2017 taxable value of Antrim County amounted to \$1,794,367,521 on which ad valorem taxes were levied for the Medical Care and Services of the Aged were levied.

The 2018 taxable value amounted to \$1,865,042,246 on which 5.386 mills for summer 2018 for general operating purposes were levied. The Antrim County Commission on Aging levied .3986 mills for services related to the aging within the County. The County levied .9966 mills for services related to the Meadow Brook Medical Care Facility operations. Included in the .9966 levy are funds for debt service which will be used to pay bonded indebtedness for the Meadow Brook Medical Care Facility renovation and reconstruction when it is completed. The County also levied .4983 mills for 911 operations, .0996 mills for Conservation District, and .1998 mills for Recycling.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2018. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major governmental funds:

General Fund

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

Services for Aged

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

Housing Project Income

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

911 Operating

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

The County reports the following major proprietary funds:

100% Tax Payment

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

Medical Care Facility

This fund is a long-term medical care facility.

Additionally, the County reports the following fund types:

Special Revenue Funds

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

Debt Service Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds

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

Enterprise Funds

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

Agency Funds

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has pension items that qualify for reporting in this category.

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County does not have any items classified 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

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

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

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

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

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 Unit</u>
Cash and Investments –					
Unrestricted	\$ 20,010,304	\$ 19,903,900	\$ 39,914,204	\$ 729,970	\$ 2,092,065
Restricted	<u>100,642</u>	<u>1,094,902</u>	<u>1,195,544</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,110,946</u>	<u>\$ 20,998,802</u>	<u>\$ 41,109,748</u>	<u>\$ 729,970</u>	<u>\$ 2,092,065</u>

Cash is restricted for Medical Care Facility debt service requirements.

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Investments	\$ 13,849,236	\$ -	\$ -
Bank Deposits (checking and savings accounts, certificates of deposit)	27,258,003	729,970	2,091,865
Petty Cash and Cash on Hand	<u>2,509</u>	<u>-</u>	<u>200</u>
Total	<u>\$ 41,109,748</u>	<u>\$ 729,970</u>	<u>\$ 2,092,065</u>

	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>Ratings</u>	<u>%</u>
Investments:					
Money Markets	\$ 3,577,446	\$ 3,577,446	\$ -	N/A	26%
Municipal Bonds	249,419	-	249,419	AA1	2%
Certificates	1,197,818	708,425	489,393	N/A	9%
Govt. Securities	1,999,943	1,999,943	-	AAA	14%
MI Class**	<u>6,824,610</u>	<u>6,824,610</u>	<u>-</u>	AAAm	<u>49%</u>
Total Investments	<u>\$ 13,849,236</u>	<u>\$ 13,110,424</u>	<u>\$ 738,812</u>		<u>100%</u>

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

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

** Michigan CLASS measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant’s investment in MICHIGAN CLASS is not required to be categorized within the fair value hierarchy for purposes of Paragraph 81a(2) of Statement 72.

The County has the following fair value measurements as of December 31, 2018:

<u>Investment</u>	<u>Balances at 12/31/2018</u>	<u>Quoted Prices (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities:				
Municipal Bonds	\$ 249,419	\$ -	\$ 249,419	\$ -
Government Securities	1,999,943	-	1,999,943	-
Public Money Markets	<u>3,577,446</u>	<u>-</u>	<u>3,577,446</u>	<u>-</u>
Total Investments	<u>\$ 5,826,808</u>	<u>\$ -</u>	<u>\$ 5,826,808</u>	<u>\$ -</u>

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

The fair value of debt securities as December 31, 2018 was determined primarily based on Level 2 inputs. The County’s estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The County holds shares in money markets where the fair value of the investments are measured on a recurring basis using the net asset value per share of the investment pool as a practical expedient.

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for custodial deposit credit risk. As of year end, \$25,769,501 of the County's bank balance of \$26,941,113 was exposed to credit risk because it was uninsured and uncollateralized. \$0 was uninsured and collateralized by the pledging financial institution.

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

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

Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party. Of the County's \$13,849,236 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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio’s assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 11,176,631	\$ -	\$ -	\$ 11,176,631
<i>Capital assets being depreciated:</i>				
Buildings	9,817,727	-	-	9,817,727
Land Improvements	1,941,673	280,490	-	2,222,163
Machinery and Equipment	<u>5,678,758</u>	<u>496,122</u>	<u>44,014</u>	<u>6,130,866</u>
Subtotal	<u>17,438,158</u>	<u>776,612</u>	<u>44,104</u>	<u>18,170,756</u>
<i>Less accumulated depreciation for:</i>				
Buildings	5,019,475	193,901	-	5,213,376
Land Improvements	1,748,695	13,931	-	1,762,626
Machinery and Equipment	<u>4,478,404</u>	<u>290,238</u>	<u>44,104</u>	<u>4,724,628</u>
Subtotal	<u>11,246,574</u>	<u>498,070</u>	<u>44,104</u>	<u>11,700,630</u>
Net Capital Assets Being Depreciated	<u>6,191,584</u>	<u>278,542</u>	<u>-</u>	<u>6,470,126</u>
Capital Assets - Net of Depreciation	<u>\$ 17,368,215</u>	<u>\$ 278,542</u>	<u>\$ -</u>	<u>\$ 17,646,757</u>

NOTE 4 - CAPITAL ASSETS (Continued)

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

Judicial	\$ 29,625
General Government	197,303
Public Safety	203,052
Health and Welfare	35,992
Recreation and Culture	<u>32,098</u>
 Total Depreciation	 <u>\$ 498,070</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 336,254	\$ -	\$ -	\$ 336,254
Construction in Progress	<u>52,818</u>	<u>-</u>	<u>52,818</u>	<u>-</u>
Subtotal	<u>389,072</u>	<u>-</u>	<u>52,818</u>	<u>336,254</u>
<i>Capital assets being depreciated:</i>				
Land Improvements	1,383,717	254,791	-	1,638,508
Buildings	24,213,495	74,399	60,991	24,226,903
Furniture, Fixtures, and Equipment	6,226,283	1,077,381	36,772	7,266,892
Vehicles	<u>1,733,055</u>	<u>101,656</u>	<u>16,516</u>	<u>1,818,195</u>
Subtotal	<u>33,556,550</u>	<u>1,508,227</u>	<u>114,279</u>	<u>34,950,498</u>
<i>Less accumulated depreciation for:</i>				
Land Improvements	429,307	74,551	-	503,858
Building	9,430,650	1,491,220	54,779	10,867,091
Furniture, Fixtures, and Equipment	4,227,709	265,137	34,997	4,457,849
Vehicles	<u>1,422,926</u>	<u>130,918</u>	<u>16,516</u>	<u>1,537,328</u>
Subtotal	<u>15,510,592</u>	<u>1,961,826</u>	<u>106,292</u>	<u>17,366,126</u>
Net Capital Assets Being Depreciated	<u>18,045,958</u>	<u>(453,599)</u>	<u>(7,987)</u>	<u>17,584,372</u>
Capital Assets - Net of Depreciation	<u>\$ 18,435,030</u>	<u>\$ (453,599)</u>	<u>\$ (60,805)</u>	<u>\$ 17,920,626</u>

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

Medical Care Facility	\$ 1,645,614
Airport	168,758
Hydro Electric	9,410
Transportation	<u>138,044</u>
Total Depreciation	<u>\$ 1,961,826</u>

NOTE 4 - CAPITAL ASSETS (Continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balance</u>
Capital Assets not being depreciated:				
Land	\$ 129,860	\$ 117,926	\$ -	\$ 247,786
Infrastructure and Land Improvements	<u>16,813,177</u>	<u>529,614</u>	<u>-</u>	<u>16,813,317</u>
Subtotal	<u>16,943,317</u>	<u>647,540</u>	<u>-</u>	<u>17,590,717</u>
Capital Assets being depreciated:				
Buildings	2,482,739	-	-	2,482,739
Equipment - Road	8,416,495	506,350	808,090	8,114,755
Equipment - Shop	261,412	41,064	12,500	289,976
Equipment - Office	149,770	26,258	33,357	142,671
Equipment - Engineering	59,015	8,916	-	67,931
Equipment – Yard and Storage	1,017,299	26,032	-	1,043,331
Infrastructure - Bridges	2,387,819	-	-	2,387,819
Infrastructure – Roads	<u>22,682,468</u>	<u>2,479,304</u>	<u>664,968</u>	<u>24,496,804</u>
Subtotal	<u>37,457,017</u>	<u>3,087,924</u>	<u>1,518,915</u>	<u>39,026,026</u>
Less Accumulated Depreciation				
Buildings	1,325,490	55,305	-	1,380,795
Equipment - Road	6,407,799	636,353	739,626	6,304,526
Equipment - Shop	191,379	11,736	12,500	190,615
Equipment - Office	85,026	18,602	14,455	89,173
Equipment - Engineering	55,481	2,283	-	57,764
Equipment – Yard and Storage	945,822	7,964	-	953,786
Infrastructure - Bridges	716,134	66,338	-	782,472
Infrastructure – Roads	<u>11,642,296</u>	<u>1,272,905</u>	<u>664,968</u>	<u>12,250,233</u>
Subtotal	<u>21,369,427</u>	<u>2,071,486</u>	<u>1,431,549</u>	<u>22,009,364</u>
Net Capital Assets - Depreciated	<u>16,087,590</u>	<u>1,016,438</u>	<u>(87,366)</u>	<u>17,016,662</u>
Total Net Capital Assets	<u>\$ 33,030,767</u>	<u>\$ 1,663,978</u>	<u>\$ (87,366)</u>	<u>\$ 34,607,379</u>

Depreciation expense was charged to the following programs:

Public Works:	
Primary Road	\$ 642,735
Local Road	696,508
Equipment	636,353
Administrative	20,885
Allocated	<u>75,005</u>
Total Depreciation Expense	<u>\$ 2,071,486</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.

		TRANSFERS OUT					
TRANSFERS IN		General	Housing Project Income	Nonmajor Governmental	Medical Care Facility	100% Tax Payment	Total
	General	\$	998,059	\$ -	\$ 2,000	\$ -	\$ 478,479
Nonmajor Governmental		201,541	24,298	1,000	903,625	-	1,130,464
Nonmajor Enterprise		470,239	-	-	-	-	470,239
Total	\$	1,669,839	24,298	3,000	903,625	478,479	3,079,241

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

NOTE 6 - LONG-TERM DEBT

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Limited Tax Bond Series 2012, (Medical Care Facility Project), Matures in varying annual amounts through 2030 and at interest rates ranging from 3% to 3.5%	\$ 11,200,000	\$ -	\$ 550,000	\$ 10,650,000	\$ 550,000
Vested Employee Benefits:					
Governmental Activities *	263,161	16,494	-	279,655	-
Business-type Activities *	463,759	-	447,243	16,516	-
Total Long-Term Debt	\$ 11,926,920	\$ 16,494	\$ 997,243	\$ 10,946,171	\$ 550,000

*Amounts shown as net increase.

NOTE 6 - LONG-TERM DEBT (Continued)

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

<u>Year End December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 550,000	\$ 336,875
2020	600,000	319,625
2021	600,000	301,625
2022	650,000	282,875
2023	700,000	262,625
2024-2028	4,850,000	914,688
2029-2030	<u>2,700,000</u>	<u>96,250</u>
Total	<u>\$ 10,650,000</u>	<u>\$ 2,514,563</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

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

NOTE 6 - LONG-TERM DEBT (Continued)

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

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

The Antrim County Transportation Unit:

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

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

<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.

Component Unit

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

	<u>Beginning Balances</u>	<u>Net Additions (Reductions)</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 159,573	\$ 1,363	\$ 160,936

Vested employee benefits are for accumulated personal, sick and vacation days. At December 31, 2018 the total accumulated liability was \$160,936.

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

NOTE 6 - LONG-TERM DEBT (Continued)

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Primary Government

Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2017.

General Information about the Pension Plan

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

01 – General: Closed	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

04 – MCF: Open division	
	2017 Valuation
Benefit Multiplier:	SVC x (1.20% times FAC<\$4,200, plus 1.70% times FAC>\$4,200)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 11/25/1970)
10 – General Dial a Ride: Closed to new hires, linked to Division HA	
	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)
20 – Sheriff Dept: Closed to new hires, linked to Division HA	
	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HA – Shrff & Grnl Dial aft 1/1/14: Open Division, linked to Division 10, 20	
	<u>2017 Valuation</u>
Benefit Multiplier:	Hybird Plan – 1.25% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/25/1970)

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	104
Inactive employees entitled to but not yet receiving benefits	36
Active employees	<u>129</u>
	269

Funding Policy

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

The contribution rate as a monthly dollar amount at December 31, 2018 is as follows:

01 - General	\$40,971
10 - General Dial a Ride	\$3,329
20 – Sheriff Department	\$31,305
HA – Sheriff & General Dial a Ride	\$6,525

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.5%	3.41%
Global Fixed Income	18.5%	0.23%
Real Assets	13.5%	0.97%
Diversifying Strategies	12.5%	0.63%

Discount Rate. The discount rate used to measure the total pension liability was 8.0% in 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	\$ 28,519,749	\$ 20,979,715	\$ 7,540,034
Service cost	465,399	-	465,399
Interest on total pension liability	2,250,628	-	2,250,628
Changes in benefits	-	-	-
Difference between expected and actual experience	(246,636)	-	(246,636)
Changes in assumptions	-	-	-
Employer contributions	-	1,309,422	(1,309,422)
Employee contributions	-	-	-
Net investment income	-	(839,210)	839,210
Benefit payments, including employee refunds	(1,239,192)	(1,239,192)	-
Administrative expense	-	(41,122)	41,122
Other changes	(58,719)	(1)	(58,718)
Net changes	<u>1,171,480</u>	<u>(810,103)</u>	<u>1,981,583</u>
Balances as of December 31, 2018	<u>\$ 29,691,229</u>	<u>\$ 20,169,612</u>	<u>\$ 9,521,617</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.00%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
County's net pension liability	\$12,765,916	\$9,521,617	\$6,750,035

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended December 31, 2018, the County recognized pension expense of \$1,795,328. At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 161,009
Changes in assumptions	501,412	-
Net difference between projected and actual earnings on pension plan investments	1,540,285	-
Total	\$ 2,041,697	\$ 161,009

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

Year Ended December 31:	
2019	\$ 776,436
2020	432,912
2021	216,917
2022	454,423

Annual Pension Cost

During the calendar year ended December 31, 2018, the County’s contributions totaled \$1,309,422 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, 2016, 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 23 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his project benefit. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%, (a) inflation, and (b) additional projected salary increases of 0.0% to 4.5% per year, depending on age, attributable to seniority/merit and (c) the assumption that benefits will increase 2.5% annually after retirement.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Meadow Brook Medical Care Facility

Plan Description

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

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS. The MERS plan covers all employees of the Facility. As of January 1, 2017, the plan was frozen to new entrants. Retirement benefits for employees are calculated using 1.2 percent of final average compensation less than \$4,200, plus 1.7 percent of final average compensation greater than \$4,200. Normal retirement age is 60 with early retirement with reduced benefits at age 50 with 25 years of service or age 55 with 15 years of service. The vesting period is ten years.

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

Employees Covered by Benefit Terms

At the December 31, 2017 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	32
Active employees	<u>164</u>
	284

Contributions

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

For the year ended December 31, 2018, the active employee contribution rate was 2.0% of annual pay.

Payable to the Pension Plan

At December 31, 2018, the Facility reported a payable of \$68,494 within accounts payable for the outstanding amount of contributions to the plan required for the year ended December 31, 2018.

Net Pension Liability

The net pension liability reported at December 31, 2018 was determined using a measure of the total pension liability and the pension net position as of December 31, 2017. The December 31, 2017 total pension liability was determined by an actuarial valuation performed as of that date. Changes in the net pension liability during the measurement year were as follows:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 16,750,269	\$ 12,362,360	\$ 4,387,909
Service cost	518,462	-	518,462
Interest on total pension liability	1,328,821	-	1,328,821
Differences between expected and actual experience	55,554	-	55,554
Changes in assumptions	-	-	-
Employer contributions	-	666,000	(666,000)
Employee contributions	-	165,385	(165,385)
Net investment income	-	1,647,495	(1,647,495)
Benefit payments, including employee refunds	(798,469)	(798,469)	-
Administrative expense	-	(26,039)	26,039
Net changes	1,104,368	1,654,372	(550,004)
Balances as of December 31, 2017	\$ 17,854,637	\$ 14,016,732	\$ 3,837,905

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2018, the Facility recognized pension expense of \$861,631. At December 31, 2018, the Facility reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 64,763	\$ (153,478)
Changes in assumptions	348,125	-
Net difference between projected and actual earnings on pension plan investments	-	(279,632)
Contributions subsequent to the measurement date	<u>655,692</u>	<u>-</u>
Total	<u>\$ 1,068,580</u>	<u>\$ (433,110)</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date of \$655,692, which will impact the net pension asset in fiscal year 2019, rather than pension expense.

<u>Year Ended December 31:</u>	
2019	\$ 143,061
2020	103,069
2021	(114,855)
2022	(160,757)
2023	9,260

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent in the long-term
Salary increases	3.75 percent
Investment rate of return	8.00 percent – Net of pension plan investment expense, including inflation.

Mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table of 50 percent male and 50 percent female blend.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study from January 1, 2009 through December 31, 2013.

Discount Rate

The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2017, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.0%	6.65%
Global Fixed Income	18.0%	1.76%
Real Assets	14.0%	7.72%
Diversifying Strategies	13.0%	5.50%

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

The following presents the net pension liability of the Facility, calculated using the discount rate of 8.00 percent, as well as what the Facility's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
MCF's net pension liability	\$6,121,911	\$3,837,905	\$1,992,509

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Pension Plan Fiduciary Net Position

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

Road Commission – Component Unit

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.50% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2017.

General Information about the Pension Plan

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

01 – Gen Union: Open Division	
	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/30
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
RS50% Percentage:	50%
Act 88:	No

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

10 – Gen NonUnion: Open Division	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/30
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	0%
RS50% Percentage:	50%
Act 88:	No

Employees Covered by Benefit Terms

At December 31, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>34</u>
	76

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission’s competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined rate of 35.37% and 48.48% of payroll for union and nonunion employees, respectively.

Net Pension Liability

The Road Commission’s net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.5%	3.41%
Global Fixed Income	18.5%	0.23%
Real Assets	13.5%	0.97%
Diversifying Strategies	12.5%	0.03%

Discount Rate. The discount rate used to measure the total pension liability was 8.0% for 2017. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2017	\$ 13,882,954	\$ 7,237,314	\$ 6,645,640
Service cost	165,806	-	165,806
Interest on total pension liability	1,084,955	-	1,084,955
Changes in benefits	(458)	-	(458)
Difference between expected and actual experience	(124,605)	-	(124,605)
Changes in assumptions	-	-	-
Employer contributions	-	876,622	(876,622)
Employee contributions	-	47,020	(47,020)
Net investment income	-	(292,707)	292,707
Benefit payments, including employee refunds	(807,833)	(807,833)	-
Administrative expense	-	(14,207)	14,207
Other changes	(31,842)	-	(31,842)
Net changes	286,023	(191,105)	477,128
Balances as of December 31, 2018	\$ 14,168,977	\$ 7,046,209	\$ 7,122,768

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.00% as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Road Commission's net pension liability as of 12/31/2018:	\$8,580,193	\$7,122,768	\$5,871,373

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

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended December 31, 2018, the Road Commission recognized pension expense of \$902,206. At December 31, 2018, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 16,400
Changes in assumptions	147,414	-
Net difference between projected and actual earnings on pension plan investments	543,093	-
Total	\$ 690,507	\$ 16,400

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

<u>Year Ended December 31:</u>	
2019	\$ 299,609
2020	91,519
2021	107,828
2022	175,151

Annual Pension Costs – For the year ended December 31, 2018, the Antrim County Road Commission’s pension cost of \$623,664 for the plan was equal to the required contribution. The annual contribution was determined as part of an actuarial valuation as of December 31, 2016, using the age normal cost method. Significant actuarial assumptions used include: (i) a 8% investment rate of return; (ii) projected salary increases of 4.5% per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 23 years.

NOTE 8 - 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 DEFINED BENEFIT PENSION PLAN

The County established a defined benefit pension plan that provides for a payment of \$200 per month for employees that retiree from the County and meeting the specified eligibility requirements. The monthly benefit is payable to the retiree for ten (10) years or until reaching Medicare eligibility.

Certain information contained in the note is based on information for the Defined Benefit Plan measured as of January 1, 2018, which is the most recent valuation date for which complete information related to the year ended December 31 2018 is available.

Fiduciary Investment and Control: The plan is unfunded. Benefits are paid to retirees monthly.

Participants Covered by the Benefit Terms: The following participants were covered by the benefit terms:

Inactive participants currently receiving benefit payments	3
Inactive participants entitled to but not yet receiving benefit payments	-
Active participants	<u>43</u>
Total	<u><u>46</u></u>

Contributions: Benefits are paid monthly to the retirees. There is no pre-funding of the pension obligation.

Trust Assets: None.

Measurement of Total Pension Liability: The total pension liability at the December 31, 2018 measurement date was determined using an actuarial valuation as of January 1, 2018.

Actuarial Assumptions: The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method:	Entry Age Normal, as a percent of Salary
Inflation:	N/A
Salary Scale:	2.00%
Mortality rates were based on:	SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006)

NOTE 9 - OTHER DEFINED BENEFIT PENSION PLAN (Continued)

PRIMARY GOVERNMENT

As prescribed by GASB No. 73, the discount rate will be based on the index rate for 20-year tax-exempt general obligation municipal bond index rate with an average rating of AA/Aa or higher as of the measurement date. To comply with this provision, the *Bond Buyer 20-Bond General Obligation Index* will be used. The discount rate of 3.44% is the January 1, 2018 value of this index.

Changes in the Total Pension Liability: The following table presents the changes in the total pension liability during the fiscal year, by source.

	<u>2018</u>
Pension Liability Beginning of Year, January 1 st	\$ 139,156
Changes for the Year:	
Service Cost	4,233
Interest	4,416
Assumptions Changes	(7273)
Difference Between Actual and Expected Experience	-
Changes in Actuarial Cost Method	-
Benefit Payments	<u>(21,591)</u>
Pension Liability End of Year, December 31 st	<u>\$ 118,941</u>

Sensitivity of Total Pension Liability to Changes in the Discount Rate. The following presents the total pension liability of the County as of the December 31 2018 measurement date, calculated using the discount rate of 3.44%, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is one percentage-point lower (2.44%) or one percentage-point higher (4.44%) than the current rate:

	<u>1% Decrease</u> <u>(2.44%)</u>	<u>Current Rate</u> <u>(3.44%)</u>	<u>1% Increase</u> <u>(4.44%)</u>
Net Pension Liability, December 31, 2018	\$ <u>122,716</u>	\$ <u>118,941</u>	\$ <u>115,369</u>

Pension Expense and Deferred Outflows / (Inflows) of Resources Related to Pension: For the year ended December 31, 2018, the County recognized pension expense of \$7,118.

	<u>2018</u>
Service Cost	\$ 4,233
Interest	4,416
Amortization of Deferred Charges:	
Difference between expected and actual experience	-
Changes in assumptions or other inputs	(1,531)
Plan changes	-
Expected return on investments	<u>-</u>
Net Pension Expense	<u>\$ 7,118</u>

NOTE 9 - OTHER DEFINED BENEFIT PENSION PLAN (Continued)

\$0 reported as deferred outflows of resources related to pensions resulting from County transactions subsequent to the measurement date will be recognized as a reduction of the total pension liability in the year ending. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as presented below:

<u>Year Ending</u>	<u>Amortization</u>
12/31/2018	\$ (1,531)
12/31/2019	(1,531)
12/31/2020	(1,531)
12/31/2021	(1,531)
12/31/2022	(1,149)

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS

Road Commission – Component Unit

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

Any employee retiring after July 1, 1989, who had completed at least ten years of service and was eligible for retirement, has \$150 per month contributed towards the employee and spouse coverage. Effective for retirees retiring after July 1, 1999, the Road Commission contribution will be \$200 per month and effective July 1, 2003, \$250 per month. At age 65, those receiving \$250 per month change to \$200 per month for the remainder of their life. There were 38 retirees receiving benefits with an approximate annual cost of \$91,800. This benefit is not available for anyone hired after July 1, 2014.

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

Employees Covered by Benefit Terms

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

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

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

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

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

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

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

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

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

Discount

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 2,810,551	\$ 2,475,383	\$ 2,203,249

OPEB Expense

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

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

Deferred Outflows and Inflows of Resources Related to OPEB Plan

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

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

<u>Year Ending</u>	<u>Amortization</u>
12/31/2019	\$ (8,072)

NOTE 11 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS

Primary Government

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

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

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

Workers' Compensation

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

At December 31, 2018, 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 risks except that are associated with the vehicle fleet. That risk is covered by membership in the Michigan Transit Pool which is an insurance pool established pursuant to the laws of the State of Michigan.

Meadow Brook Medical Care Facility

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

NOTE 11 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS (Continued)

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

Component Unit – Road Commission

Antrim County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan which authorize contracts between Municipal Corporations (inter-local agreements) to form group self-insurance pools.

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

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

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

NOTE 12 - RESTATEMENT

	General Fund	Component Unit Governmental Net Position
Beginning net position as previously stated at January 1, 2018	\$ 13,500,398	\$ 28,656,668
Restatement of General Fund for correction of accounts payable.	<u>47,341</u>	
Restatement of Net Position – for implementation of GASB 75 – OPEB cumulative effect		<u>(2,118,313)</u>
Beginning net position as restated at January 1, 2018	<u>\$ 13,547,739</u>	<u>\$ 26,538,355</u>

Required Supplementary Information

County of Antrim, Michigan

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

	2015	2016	2017	2018
Total pension liability				
Service cost	\$ 976,147	\$ 970,165	\$ 1,024,825	\$ 983,861
Interest on total pension liability	2,974,581	3,150,624	3,423,566	3,579,449
Difference between expected and actual experience	-	412,414	(420,036)	(191,082)
Changes in assumptions	-	1,949,783	-	-
Benefit payments, including refund of member contributions	(1,768,186)	(1,810,527)	(1,885,428)	(2,037,661)
Other changes	(24,519)	(57,133)	(97,808)	(58,719)
Net change in total pension liability	2,158,023	4,615,326	2,045,119	2,275,848
Total pension liability - beginning	36,451,550	38,609,573	43,224,899	45,270,018
Total pension liability - ending	<u>\$ 38,609,573</u>	<u>\$ 43,224,899</u>	<u>\$ 45,270,018</u>	<u>\$ 47,545,866</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,301,926	\$ 1,427,724	\$ 1,588,069	\$ 1,975,422
Contributions - employee	214,803	170,988	185,697	165,385
Net investment income	394,316	1,779,522	3,753,337	808,285
Benefit payments, including refunds of member contributions	(1,768,186)	(1,810,527)	(1,885,428)	(2,037,661)
Administrative expense	(63,237)	(63,065)	(64,323)	(67,162)
Net change in plan fiduciary net position	79,622	1,504,642	3,577,352	844,269
Plan fiduciary net position - beginning	28,180,459	28,260,081	29,764,723	33,342,075
Plan fiduciary net position - ending	<u>\$ 28,260,081</u>	<u>\$ 29,764,723</u>	<u>\$ 33,342,075</u>	<u>\$ 34,186,344</u>
County's net pension liability - ending	<u>\$ 10,349,492</u>	<u>\$ 13,460,176</u>	<u>\$ 11,927,943</u>	<u>\$ 13,359,522</u>
Plan fiduciary net position as a percentage of the total pension liability	73%	69%	74%	72%
Covered - employee payroll	\$ 12,373,570	\$ 13,226,364	\$ 13,827,586	\$ 13,296,136
County's net pension liability as a percentage of covered-employee payroll	84%	102%	86%	100%

Notes to Schedule:

The amounts reported on this schedule were modified in 2018 for the current period and retroactively to reflect the total primary government pension information. Which meant adding the Meadowbrooks figures to this schedule

County of Antrim, Michigan

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially determined contribution	\$ 1,334,595	\$ 1,329,300	\$ 1,538,400	\$ 1,641,252
Contributions in relation to the actuarially determined contribution	<u>(1,301,926)</u>	<u>(1,427,724)</u>	<u>(1,588,069)</u>	<u>(1,975,422)</u>
Contribution deficiency (excess)	<u>\$ 32,669</u>	<u>\$ (98,424)</u>	<u>\$ (49,669)</u>	<u>\$ (334,170)</u>
Covered - employee payroll	\$ 12,373,570	\$ 13,226,364	\$ 13,827,586	\$ 13,296,136
Contributions as a percentage of covered-employee payroll	11%	10%	11%	12%

Notes to Schedule:

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

The amounts reported on this schedule were modified in 2018 for the current period and retroactively to reflect the total primary government pension information. Which meant adding the Meadowbrooks figures to this schedule

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	22 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%, net of interest and administrative expense including inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the RP2014 Mortality Table - Blended 50% Male / 50% Female

**Required Supplementary Information
Other Defined Benefit Pension Plan
Schedule of Changes in the Total Pension Liability and Related Ratios
For the Year Ended December 31, 2018**

	<u>2018</u>
Pension Liability Beginning of Year, January 1st	\$ 139,156
Service cost	4,233
Interest	4,416
Assumption changes	(7,273)
Difference between expected and actual experience	-
Change in actuarial cost method	.
Benefit payments	<u>(21,591)</u>
Pension Liability End of Year, December 31st	<u>\$ 118,941</u>
Annual Covered Payroll	\$ 2,176,098
Net Pension Liability (Asset) as Percent of Covered Payroll	6.39%

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and Penalties	\$ 10,041,942	\$ 10,041,942	\$ 10,529,952	\$ 488,010
Licenses and Permits	185,300	263,046	268,543	5,497
Federal Sources	66,985	72,996	51,592	(21,404)
State Sources	643,701	664,701	698,239	33,538
Charges for Services	1,069,091	1,226,605	1,228,126	1,521
Fines and Forfeits	1,100	1,100	4,524	3,424
Interest and Rents	233,731	313,708	350,990	37,282
Other Revenues	209,793	312,988	327,214	14,226
TOTAL REVENUES	12,451,643	12,897,086	13,459,180	562,094
EXPENDITURES:				
Legislative:				
Board of Commissioners	304,035	310,554	306,954	3,600
Total Legislative	304,035	310,554	306,954	3,600
Judicial:				
Circuit Court	389,579	401,878	338,832	63,046
Family Court	526,473	535,474	484,112	51,362
Family Court Detention Service	12,000	18,000	6,640	11,360
Circuit Court Probation	3,000	3,000	1,889	1,111
District Court	640,283	640,283	512,039	128,244
Friend of the Court	47,198	47,198	40,277	6,921
Probate Court	321,645	324,287	287,543	36,744
Jury Commission	3,240	3,240	2,206	1,034
Total Judicial	1,943,418	1,973,360	1,673,538	299,822
General Government:				
County Administrator	348,721	362,824	339,306	23,518
Accountant	88,391	93,030	89,031	3,999
Budget	96,040	96,040	69,456	26,584
Clerk	404,559	406,656	386,527	20,129
Communications Department	85,862	85,862	75,192	10,670
Computer	195,723	239,761	232,102	7,659
Grass River	34,350	37,330	36,940	390
GIS Implementation	2,965	2,965	2,888	77
Purchasing	22,230	22,230	16,599	5,631
Treasurer	272,862	341,726	330,256	11,470
Equalization	270,795	314,609	262,136	52,473
MSU Extension	170,289	173,535	172,161	1,374
Elections	80,523	80,523	41,578	38,945
Grove Street Anex	12,100	12,100	10,000	2,100
Courthouse	115,378	118,210	116,268	1,942
County Building and Grounds	518,587	523,753	482,153	41,600
Prosecuting Attorney	585,231	593,513	510,813	82,700
Register of Deeds	228,796	250,952	231,578	19,374
Microfilm	12,250	12,250	12,221	29
Victims' Rights	28,800	34,689	32,194	2,495
Human Resources	-	50,459	32,502	17,957
Prosecuting Attorney Child Support IVD	24,819	24,825	15,917	8,908
Drain Commissioner	643	740	606	134
Abstract	165,453	176,573	137,113	39,460
Survey and Remonumentation	35,941	45,455	44,996	459
Other	620	720	4	716
Total General Government	3,801,928	4,101,330	3,680,537	420,793

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	3,482,197	3,534,256	3,381,419	152,837
Marine Safety	134,190	136,386	117,517	18,869
Secondary Road Patrol	58,544	58,544	41,233	17,311
Diaster Contingency	-	14,101	14,101	-
Jail	410,090	410,730	381,901	28,829
Zero Tolerance	76,317	85,332	84,345	987
Emergency Services	85,937	78,842	80,856	(2,014)
Traverse Narcotics Time	-	2,000	2,000	-
Animal Control	187,701	187,701	165,045	22,656
Total Public Safety	<u>4,434,976</u>	<u>4,507,892</u>	<u>4,268,417</u>	<u>239,475</u>
Public Works:				
Dams	62,944	64,911	63,404	1,507
Health and Welfare:				
Health Department/Mental Health	501,870	501,870	504,664	(2,794)
Medical Examiner	23,850	23,850	21,138	2,712
Agency on Aging	3,161	3,161	2,256	905
Welfare	20,296	21,128	15,905	5,223
Housing	2,357	2,694	2,392	302
Veterans' Affairs	107,470	132,137	122,858	9,279
County Wide Recycle	326,200	326,200	326,000	200
Soldiers Relief	25,000	25,000	19,323	5,677
Total Health and Welfare	<u>1,010,204</u>	<u>1,036,040</u>	<u>1,014,536</u>	<u>21,504</u>
Community and Economic Development:				
Resource Recovery	30,944	42,172	42,172	-
Planning Commission	5,800	5,800	4,894	906
EDC	7,065	7,065	2,739	4,326
Total Community and Economic Development	<u>43,809</u>	<u>55,037</u>	<u>49,805</u>	<u>5,232</u>
Recreation and Culture:				
Parks Commission	2,300	2,300	-	2,300
Parks	286,245	288,524	255,422	33,102
Parks - Antrim Creek	17,340	17,653	9,197	8,456
Total Recreation and Culture	<u>305,885</u>	<u>308,477</u>	<u>264,619</u>	<u>43,858</u>
Capital Outlay	654,240	748,514	563,103	185,411
Other:				
Appropriations	235,373	255,373	255,373	-
Other	698,605	385,986	334,792	51,194
Insurance and Fringes	412,000	412,000	458,311	(46,311)
Total Other	<u>1,345,978</u>	<u>1,053,359</u>	<u>1,048,476</u>	<u>4,883</u>
TOTAL EXPENDITURES	<u>13,907,417</u>	<u>14,159,474</u>	<u>12,933,389</u>	<u>1,226,085</u>

**Required Supplementary Information
Budgetary Comparison Schedule
General Funds
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,455,774)	(1,262,388)	525,791	1,788,179
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	1,347,926	1,547,793	1,478,537	(69,256)
Operating Transfers Out	(1,488,953)	(1,667,438)	(1,669,838)	(2,400)
TOTAL OTHER FINANCING SOURCES (USES):	(141,027)	(119,645)	(191,301)	(71,656)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (1,596,801)</u>	<u>\$ (1,382,033)</u>	334,490	<u>\$ (1,716,523)</u>
FUND BALANCES, JANUARY 1 (As Restated See Note 12)			<u>13,547,739</u>	
FUND BALANCES, DECEMBER 31			<u>\$ 13,882,229</u>	

Required Supplementary Information
Budgetary Comparison Schedule
Services for Aged
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 717,675	\$ 722,655	\$ 717,257	\$ (5,398)
Federal Sources	78,273	93,328	92,042	(1,286)
State Sources	156,673	156,673	149,943	(6,730)
Charges for Services	114,720	160,922	153,827	(7,095)
Interest and Rents	4,000	10,333	12,143	1,810
Other Revenue	19,025	76,467	77,583	1,116
TOTAL REVENUES	1,090,366	1,220,378	1,202,795	(17,583)
EXPENDITURES:				
Health and Welfare	1,090,366	1,113,071	956,904	156,167
TOTAL EXPENDITURES	1,090,366	1,113,071	956,904	156,167
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	<u>\$ -</u>	<u>\$ 107,307</u>	245,891	<u>\$ 138,584</u>
FUND BALANCE - BEGINNING OF YEAR			<u>701,307</u>	
FUND BALANCE - END OF YEAR			<u>\$ 947,198</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Housing Project Income
For the Year Ended December 31, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest and Rents	\$ 3,100	\$ 3,100	\$ 2,798	\$ (302)
Other Revenue	35,000	35,000	42,474	7,474
TOTAL REVENUES	38,100	38,100	45,272	7,172
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(38,100)	(38,100)	(24,298)	13,802
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	20,974	\$ 20,974
FUND BALANCE - BEGINNING OF YEAR			50,053	
FUND BALANCE - END OF YEAR			\$ 71,027	

**Required Supplementary Information
Budgetary Comparison Schedule
E-911 Operating
For the Year Ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 899,106	\$ 899,106	\$ 896,614	\$ (2,492)
Charges for Services	-	-	-	-
Interest and Rents	-	-	13,007	13,007
Other Revenue	-	-	622	622
TOTAL REVENUES	<u>899,106</u>	<u>899,106</u>	<u>910,243</u>	<u>11,137</u>
EXPENDITURES				
Public Safety	892,906	934,335	814,011	120,324
Capital Outlay	-	378,303	61,421	316,882
TOTAL EXPENDITURES	<u>892,906</u>	<u>1,312,638</u>	<u>875,432</u>	<u>437,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (EXPENDITURES)	<u>\$ 6,200</u>	<u>\$ (413,532)</u>	34,811	<u>\$ 448,343</u>
FUND BALANCE - BEGINNING OF YEAR			<u>944,240</u>	
FUND BALANCE - END OF YEAR			<u>\$ 979,051</u>	

Other Information

	Special Revenue Funds									
	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Information Technology Transition	Revenue Sharing Reserve	Grass River	County-Wide Recycling
ASSETS:										
Cash and Equivalents	\$ 10,954,796	\$ 109,177	\$ 576,861	\$ 84,963	\$ 17,094	\$ 266,454	\$ -	\$ 448,189	\$ 241,658	\$ 9,649
Receivables:										
Taxes	599,511	-	-	-	-	-	-	-	-	371,204
Accounts	44,465	-	-	-	-	-	-	-	-	-
Due From Other Governmental Units	209,980	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 11,808,752	\$ 109,177	\$ 576,861	\$ 84,963	\$ 17,094	\$ 266,454	\$ -	\$ 448,189	\$ 241,658	\$ 380,853
LIABILITIES:										
Accounts Payable	\$ 417,967	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 100,001	\$ -
Accrued Liabilities	211,347	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	629,314	-	-	-	-	-	-	-	100,001	-
DEFERRED INFLOWS OF RESOURCES:										
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-	-	371,204
FUND BALANCES:										
Restricted	-	-	-	-	-	-	-	448,189	-	-
Committed	-	-	-	-	-	-	-	-	141,657	9,649
Assigned	-	109,177	576,861	84,963	17,094	266,454	-	-	-	-
Unassigned	11,179,438	-	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	11,179,438	109,177	576,861	84,963	17,094	266,454	-	448,189	141,657	9,649
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 11,808,752	\$ 109,177	\$ 576,861	\$ 84,963	\$ 17,094	\$ 266,454	\$ -	\$ 448,189	\$ 241,658	\$ 380,853

	Special Revenue Funds							Capital Project Fund	Totals
	Park Fund Raiser	GIS Implementation	Budget Stabilization	Disaster Contingency	Clean Lakes Grant	Soldier's Relief	Self-Insured Reserve	Building & Structures	
ASSETS:									
Cash and Equivalents	\$ 8,301	\$ 20,971	\$ 620,214	\$ 3	\$ 7,917	\$ 36,057	\$ 284,510	\$ 71,265	\$ 13,758,079
Receivables:									
Taxes	-	-	-	-	-	-	-	-	970,715
Accounts	-	130	-	-	-	-	-	-	44,595
Due From Other Governmental Units	-	-	-	-	-	-	-	-	209,980
TOTAL ASSETS	<u>\$ 8,301</u>	<u>\$ 21,101</u>	<u>\$ 620,214</u>	<u>\$ 3</u>	<u>\$ 7,917</u>	<u>\$ 36,057</u>	<u>\$ 284,510</u>	<u>\$ 71,265</u>	<u>\$ 14,983,369</u>
LIABILITIES:									
Accounts Payable	\$ -	\$ 621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 518,589
Accrued Liabilities	-	-	-	-	-	-	-	-	211,347
TOTAL LIABILITIES	<u>-</u>	<u>621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>729,936</u>
DEFERRED INFLOWS OF RESOURCES:									
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-	371,204
FUND BALANCES:									
Restricted	-	-	-	-	-	-	-	-	448,189
Committed	-	-	-	-	-	-	-	71,265	222,571
Assigned	-	20,480	-	-	-	36,057	-	-	1,111,086
Unassigned	8,301	-	620,214	3	7,917	-	284,510	-	12,100,383
TOTAL FUND BALANCES	<u>8,301</u>	<u>20,480</u>	<u>620,214</u>	<u>3</u>	<u>7,917</u>	<u>36,057</u>	<u>284,510</u>	<u>71,265</u>	<u>13,882,229</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,301</u>	<u>\$ 21,101</u>	<u>\$ 620,214</u>	<u>\$ 3</u>	<u>\$ 7,917</u>	<u>\$ 36,057</u>	<u>\$ 284,510</u>	<u>\$ 71,265</u>	<u>\$ 14,983,369</u>

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds									
	General	Capital Outlay Reserve	Dams Reserve	Grant Match Reserve	Antrim Conservation District Reserve	Special Projects Reserve	Information Technology Transition	Revenue Sharing Reserve	Grass River	County-Wide Recycling
REVENUES:										
Taxes	\$ 10,200,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 329,367
Licenses and Permits	268,543	-	-	-	-	-	-	-	-	-
Federal Sources	51,592	-	-	-	-	-	-	-	-	-
State Sources	698,239	-	-	-	-	-	-	-	-	-
Charges for Services	1,219,585	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	2,890	-	-	-	-	-	-	-	-	-
Interest and Rents	330,469	983	5,202	800	154	2,398	4,035	1,310	1,642	
Other Revenue	319,716	66	348	52	10	160	362	116	16	
TOTAL REVENUES	13,091,619	1,049	5,550	852	164	2,558	11	4,397	1,426	331,025
EXPENDITURES:										
Legislative	306,954	-	-	-	-	-	-	-	-	-
Judicial	1,673,538	-	-	-	-	-	-	-	-	-
General Government	3,640,709	-	-	-	-	-	-	36,940	-	-
Public Safety	4,254,316	-	-	-	-	-	-	-	-	-
Public Works	63,404	-	-	-	-	-	-	-	-	-
Health and Welfare	669,213	-	-	-	-	-	-	-	-	326,000
Community/Economic Development	49,805	-	-	-	-	-	-	-	-	-
Recreation and Cultural	264,619	-	-	-	-	-	-	-	-	-
Other	1,048,476	-	-	-	-	-	-	-	-	-
Capital Outlay	386,722	-	-	-	-	-	-	176,381	-	-
TOTAL EXPENDITURES	12,357,756	-	-	-	-	-	-	213,321	326,000	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	733,863	1,049	5,550	852	164	2,558	11	4,397	(211,895)	5,025
OTHER FINANCING SOURCES (USES):										
Operating Transfers In	1,236,584	-	-	-	-	-	-	200,667	-	-
Operating Transfers Out	(908,733)	-	(5,000)	(4,261)	-	-	(64,814)	(506,545)	-	(61,485)
TOTAL OTHER FINANCING SOURCES (USES)	327,851	-	(5,000)	(4,261)	-	-	(64,814)	(506,545)	200,667	(61,485)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,061,714	1,049	550	(3,409)	164	2,558	(64,803)	(502,148)	(11,228)	(56,460)
FUND BALANCES - BEGINNING OF YEAR	10,070,383	108,128	576,311	88,372	16,930	263,896	64,803	950,337	152,885	66,109
Prior Period Adjustment	47,341	-	-	-	-	-	-	-	-	-
FUND BALANCES - END OF YEAR	\$ 11,179,438	\$ 109,177	\$ 576,861	\$ 84,963	\$ 17,094	\$ 266,454	\$ -	\$ 448,189	\$ 141,657	\$ 9,649

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
General Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds							Capital Project Fund	Totals
	Park Fund Raider	GIS Implementation	Budget Stabilization	Disaster Contingency	Clean Lakes Grant	Soldier's Relief	Self-Insured Reserve	Buildings & Structures	
REVENUES:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,529,952
Licenses and Permits	-	-	-	-	-	-	-	-	268,543
Federal Sources	-	-	-	-	-	-	-	-	51,592
State Sources	-	-	-	-	-	-	-	-	698,239
Charges for Services	-	8,541	-	-	-	-	-	-	1,228,126
Fines and Forfeitures	-	-	1,634	-	-	-	-	-	4,524
Interest and Rents	69	157	-	3	76	-	2,562	1,130	350,990
Other Revenue	1,196	-	-	-	-	-	171	4,990	327,214
TOTAL REVENUES	1,265	8,698	1,634	3	76	-	2,733	6,120	13,459,180
EXPENDITURES:									
Legislative	-	-	-	-	-	-	-	-	306,954
Judicial	-	-	-	-	-	-	-	-	1,673,538
General Government	-	2,888	-	-	-	-	-	-	3,680,537
Public Safety	-	-	-	14,101	-	-	-	-	4,268,417
Public Works	-	-	-	-	-	-	-	-	63,404
Health and Welfare	-	-	-	-	-	19,323	-	-	1,014,536
Community/Economic Development	-	-	-	-	-	-	-	-	49,805
Recreation and Cultural	-	-	-	-	-	-	-	-	264,619
Other	-	-	-	-	-	-	-	-	1,048,476
Capital Outlay	-	-	-	-	-	-	-	-	563,103
TOTAL EXPENDITURES	-	2,888	-	14,101	-	19,323	-	-	12,933,389
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,265	5,810	1,634	(14,098)	76	(19,323)	2,733	6,120	525,791
OTHER FINANCING SOURCES (USES):									
Operating Transfers In	-	2,185	-	14,101	-	25,000	-	-	1,478,537
Operating Transfers Out	-	-	-	-	-	-	-	(119,000)	(1,669,838)
TOTAL OTHER FINANCING SOURCES (USES)	-	2,185	-	14,101	-	25,000	-	(119,000)	(191,301)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,265	7,995	1,634	3	76	5,677	2,733	(112,880)	334,490
FUND BALANCES - BEGINNING OF YEAR	7,036	12,485	618,580	-	7,841	30,380	281,777	184,145	13,500,398
Prior Period Adjustment	-	-	-	-	-	-	-	-	47,341
FUND BALANCES - END OF YEAR	\$ 8,301	\$ 20,480	\$ 620,214	\$ 3	\$ 7,917	\$ 36,057	\$ 284,510	\$ 71,265	\$ 13,882,229

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Conservation District Tax	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
ASSETS:								
Cash and Investments	\$ 8,603	\$ 593,768	\$ 365	\$ -	\$ 131,236	\$ 401,067	\$ 7,190	\$ 70,089
Receivables:								
Taxes	-	-	-	185,066	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 8,603</u>	<u>\$ 593,768</u>	<u>\$ 365</u>	<u>\$ 185,066</u>	<u>\$ 131,236</u>	<u>\$ 401,067</u>	<u>\$ 7,190</u>	<u>\$ 70,089</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 25
Accrued Liabilities	-	-	-	-	-	3,000	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>25</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	185,050	-	-	-	-
FUND BALANCE:								
Restricted	8,603	-	365	16	131,236	-	-	-
Committed	-	-	-	-	-	-	-	70,064
Assigned	-	593,768	-	-	-	398,067	7,190	-
TOTAL FUND BALANCES	<u>8,603</u>	<u>593,768</u>	<u>365</u>	<u>16</u>	<u>131,236</u>	<u>398,067</u>	<u>7,190</u>	<u>70,064</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,603</u>	<u>\$ 593,768</u>	<u>\$ 365</u>	<u>\$ 185,066</u>	<u>\$ 131,236</u>	<u>\$ 401,067</u>	<u>\$ 7,190</u>	<u>\$ 70,089</u>

	Special Revenue Funds							
	Transfer Station Land Lease	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	\$ 2,393	\$ 2,835	\$ 911,311	\$ 26,566	\$ 3,102	\$ 63,152	\$ 11,941	\$ 864,072
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	4,106	-
Due From Other Governmental Units	-	-	-	-	-	-	-	43,915
TOTAL ASSETS	<u>\$ 2,393</u>	<u>\$ 2,835</u>	<u>\$ 911,311</u>	<u>\$ 26,566</u>	<u>\$ 3,102</u>	<u>\$ 63,152</u>	<u>\$ 16,047</u>	<u>\$ 907,987</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 2,860	\$ -	\$ -	\$ 6,978	\$ -	\$ 73,781
Accrued Liabilities	-	-	10,012	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>12,872</u>	<u>-</u>	<u>-</u>	<u>6,978</u>	<u>-</u>	<u>73,781</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCE:								
Restricted	-	-	898,439	-	-	56,174	16,047	834,206
Committed	-	2,835	-	26,566	-	-	-	-
Assigned	2,393	-	-	-	3,102	-	-	-
TOTAL FUND BALANCES	<u>2,393</u>	<u>2,835</u>	<u>898,439</u>	<u>26,566</u>	<u>3,102</u>	<u>56,174</u>	<u>16,047</u>	<u>834,206</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 2,393</u>	<u>\$ 2,835</u>	<u>\$ 911,311</u>	<u>\$ 26,566</u>	<u>\$ 3,102</u>	<u>\$ 63,152</u>	<u>\$ 16,047</u>	<u>\$ 907,987</u>

	Special Revenue Funds							
	Concealed Pistol Licensing	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant
ASSETS:								
Cash and Equivalents	\$ 41,981	\$ 36,606	\$ 37,932	\$ 207	\$ 27,568	\$ 34,036	\$ 13,400	\$ 56,314
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	-	-
Due From Other Governmental Units	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 41,981</u>	<u>\$ 36,606</u>	<u>\$ 37,932</u>	<u>\$ 207</u>	<u>\$ 27,568</u>	<u>\$ 34,036</u>	<u>\$ 13,400</u>	<u>\$ 56,314</u>
LIABILITIES:								
Accounts Payable	\$ 946	\$ -	\$ 675	\$ -	\$ -	\$ -	\$ -	\$ 652
Accrued Liabilities	-	-	-	-	-	-	-	3,488
TOTAL LIABILITIES	<u>946</u>	<u>-</u>	<u>675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,140</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCE:								
Restricted	41,035	36,606	-	207	27,568	34,036	-	52,174
Committed	-	-	37,257	-	-	-	13,400	-
Assigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>41,035</u>	<u>36,606</u>	<u>37,257</u>	<u>207</u>	<u>27,568</u>	<u>34,036</u>	<u>13,400</u>	<u>52,174</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 41,981</u>	<u>\$ 36,606</u>	<u>\$ 37,932</u>	<u>\$ 207</u>	<u>\$ 27,568</u>	<u>\$ 34,036</u>	<u>\$ 13,400</u>	<u>\$ 56,314</u>

	Special Revenue Funds							Debt Service Fund
	AC Breast Cancer	Indigent Defense	Housing CDBG Grant	Emergency Services LEPC Grant	Child Care	Canine Program	Meadow View Senior Housing	Meadow Brook Project Debt
ASSETS:								
Cash and Equivalents	\$ -	\$ 16,529	\$ 13,942	\$ 7,754	\$ 395,811	\$ 4,827	\$ 140,319	\$ 100,642
Receivables:								
Taxes	-	-	-	-	-	-	-	-
Accounts	-	-	-	-	-	-	321	-
Due From Other Governmental Units	-	-	-	-	12,831	-	-	-
TOTAL ASSETS	\$ -	\$ 16,529	\$ 13,942	\$ 7,754	\$ 408,642	\$ 4,827	\$ 140,640	\$ 100,642
LIABILITIES:								
Accounts Payable	\$ -	\$ 8,122	\$ 5,005	\$ 390	\$ 10,112	\$ -	\$ 1,004	\$ -
Accrued Liabilities	-	-	-	-	-	-	3,600	-
TOTAL LIABILITIES	-	8,122	5,005	390	10,112	-	4,604	-
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCE:								
Restricted	-	8,407	8,937	7,364	398,530	-	-	100,642
Committed	-	-	-	-	-	-	136,036	-
Assigned	-	-	-	-	-	4,827	-	-
TOTAL FUND BALANCES	-	8,407	8,937	7,364	398,530	4,827	136,036	100,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 16,529	\$ 13,942	\$ 7,754	\$ 408,642	\$ 4,827	\$ 140,640	\$ 100,642

	Capital Project Fund	
	Grass River Interpretive Center	Total
ASSETS:		
Cash and Equivalents	\$ 213,664	\$ 4,239,222
Receivables:		
Taxes	-	185,066
Accounts	-	4,427
Due From Other Governmental Units	-	56,746
TOTAL ASSETS	<u>\$ 213,664</u>	<u>\$ 4,485,461</u>
LIABILITIES:		
Accounts Payable	\$ -	\$ 110,550
Accrued Liabilities	-	20,100
TOTAL LIABILITIES	<u>-</u>	<u>130,650</u>
DEFERRED INFLOWS OF RESOURCES:		
Taxes Levied for a Subsequent Period	-	185,050
FUND BALANCE:		
Restricted	213,664	2,874,256
Committed	-	286,158
Assigned	-	1,009,347
TOTAL FUND BALANCES	<u>213,664</u>	<u>4,169,761</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 213,664</u>	<u>\$ 4,485,461</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds							
	Victims' Rights Reserve	Gas and Oil Royalties Reserve	Friend of the Court	Conservation District Tax	Animal Control Donations	Forestry	Petoskey Stone Festival	Antrim Creek
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	179,167	-	-	-	-
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	4,920	-	-	40,140	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	77	25,970	-	70	1,172	3,526	69	632
Other Revenue	5	353	-	-	2,924	236	6,647	7,098
TOTAL REVENUES	82	26,323	4,920	179,237	4,096	43,902	6,716	7,730
EXPENDITURES:								
Judicial	-	-	4,920	-	-	-	-	-
General Government	-	-	-	179,221	-	1,090	-	-
Public Safety	-	-	-	-	275	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	6,622	2,713
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	4,920	179,221	275	1,090	6,622	2,713
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	82	26,323	-	16	3,821	42,812	94	5,017
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	500	-
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	500	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	82	26,323	-	16	3,821	42,812	594	5,017
FUND BALANCES - BEGINNING OF YEAR	8,521	567,445	365	-	127,415	355,255	6,596	65,047
FUND BALANCES - END OF YEAR	\$ 8,603	\$ 593,768	\$ 365	\$ 16	\$ 131,236	\$ 398,067	\$ 7,190	\$ 70,064

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds							
	Transfer Station Land Lease	Glacial Hills Grant	Construction Code Enforcement	Energy Savings	Homestead Property Tax Exemption	Register of Deeds Automation	911 Training	E-911 Wireless
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ 621,481	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	-	-	7,781	170,728
Local	-	-	-	-	-	-	-	-
Charges for Services	4,000	-	1,507	-	3,738	-	-	-
Fines and Forfeits	-	-	-	-	-	48,005	-	-
Interest and Rents	25	-	6,930	237	27	527	157	7,848
Other Revenue	-	-	2,127	-	-	39	-	-
TOTAL REVENUES	4,025	-	632,045	237	3,765	48,571	7,938	178,576
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	447,741	-	-	49,634	9,900	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Culture	1,632	9,233	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	2,630	-	-	-	-	121,767
TOTAL EXPENDITURES	1,632	9,233	450,371	-	-	49,634	9,900	121,767
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,393	(9,233)	181,674	237	3,765	(1,063)	(1,962)	56,809
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	720	-	8,815	-	-	-	-
Operating Transfers Out	-	-	-	-	(2,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	720	-	8,815	(2,000)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	2,393	(8,513)	181,674	9,052	1,765	(1,063)	(1,962)	56,809
FUND BALANCES - BEGINNING OF YEAR	-	11,348	716,765	17,514	1,337	57,237	18,009	777,397
FUND BALANCES - END OF YEAR	\$ 2,393	\$ 2,835	\$ 898,439	\$ 26,566	\$ 3,102	\$ 56,174	\$ 16,047	\$ 834,206

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds							
	Concealed Pistol Licensing	Local Corrections Officer Training	Jail Inmate Proceeds	ORV Ordinance Training	Michigan Justice Training	Law Library	Drug Law Enforcement	Snowmobile Grant
REVENUES:								
Licenses and Permits	\$ 15,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-
State	-	-	-	-	3,348	-	-	16,400
Local	-	-	-	-	-	3,500	-	-
Charges for Services	-	5,370	18,824	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	335	355	324	4	-	258	-	-
Other Revenue	23	-	22	-	-	17	-	378
TOTAL REVENUES	16,006	5,725	19,170	4	3,348	3,775	-	16,778
EXPENDITURES:								
Judicial	-	-	-	-	-	6,661	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	4,214	13,836	-	55	-	-	60,274
Health and Welfare	3,593	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,593	4,214	13,836	-	55	6,661	-	60,274
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,413	1,511	5,334	4	3,293	(2,886)	-	(43,496)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	6,500	-	43,141
Operating Transfers Out	-	-	-	-	(1,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(1,000)	6,500	-	43,141
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	12,413	1,511	5,334	4	2,293	3,614	-	(355)
FUND BALANCES - BEGINNING OF YEAR	28,622	35,095	31,923	203	25,275	30,422	13,400	52,529
FUND BALANCES - END OF YEAR	<u>\$ 41,035</u>	<u>\$ 36,606</u>	<u>\$ 37,257</u>	<u>\$ 207</u>	<u>\$ 27,568</u>	<u>\$ 34,036</u>	<u>\$ 13,400</u>	<u>\$ 52,174</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2018**

	Special Revenue Funds							Debt Service Fund
	AC Breast Cancer	Indigent Defense	Housing CDBG Grant	Emergency Services LEPC Grant	Child Care	Canine Program	Meadow View Senior Housing	Meadow Brook Project Debt
REVENUES:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	-	-	-	-	-	-	-	-
Federal	-	-	-	3,967	-	-	-	-
State	-	-	-	-	123,867	-	-	-
Local	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	36,539	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rents	-	19	-	-	-	42	118,908	241
Other Revenue	5,267	-	-	-	36,117	10,560	1,234	-
TOTAL REVENUES	5,267	19	-	3,967	196,523	10,602	120,142	241
EXPENDITURES:								
Judicial	-	23,662	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	3,665	-	12,591	-	-
Health and Welfare	5,267	-	92,924	-	241,713	-	78,840	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	903,625
Capital Outlay	-	-	-	-	-	-	26,732	-
TOTAL EXPENDITURES	5,267	23,662	92,924	3,665	241,713	12,591	105,572	903,625
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(23,643)	(92,924)	302	(45,190)	(1,989)	14,570	(903,384)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	32,050	99,298	-	29,000	6,815	-	903,625
Operating Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	32,050	99,298	-	29,000	6,815	-	903,625
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	8,407	6,374	302	(16,190)	4,826	14,570	241
FUND BALANCES - BEGINNING OF YEAR	-	-	2,563	7,062	414,720	1	121,466	100,401
FUND BALANCES - END OF YEAR	\$ -	\$ 8,407	\$ 8,937	\$ 7,364	\$ 398,530	\$ 4,827	\$ 136,036	\$ 100,642

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

	Capital Project Fund		Grass River Interpretive Center	Total
REVENUES:				
Licenses and Permits	\$ -		\$ 637,129	
Taxes	-		179,167	
Federal	-		3,967	
State	-		322,124	
Local	-		3,500	
Charges for Services	-		115,038	
Fines and Forfeits	-		48,005	
Interest and Rents	-		167,753	
Other Revenue	-		73,047	
	-		1,549,730	
TOTAL REVENUES				
EXPENDITURES:				
Judicial	-		35,243	
General Government	-		180,311	
Public Safety	-		602,185	
Health and Welfare	-		422,337	
Recreation and Culture	-		20,200	
Debt Service	-		903,625	
Capital Outlay	-		151,129	
	-		2,315,030	
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-		(765,300)	
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-		1,130,464	
Operating Transfers Out	-		(3,000)	
	-		1,127,464	
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-		362,164	
FUND BALANCES - BEGINNING OF YEAR	213,664		3,807,597	
FUND BALANCES - END OF YEAR	\$ 213,664		\$ 4,169,761	

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
ASSETS:				
Cash and Equivalents	\$ 401,729	\$ 229,550	\$ 331,682	\$ 962,961
Accounts Receivables	34,581	1,896	74,519	110,996
Due From Other Governments	-	-	439	439
Prepaid Items	-	-	5,222	5,222
Inventories	37,554	-	44,621	82,175
Capital Assets (Net of Accumulated Depreciation)	3,037,111	242,863	331,698	3,611,672
TOTAL ASSETS	3,510,975	474,309	788,181	4,773,465
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Experience and Assumptions	-	-	122,964	122,964
LIABILITIES:				
Accounts Payable	11,715	1,422	13,008	26,145
Accrued Liabilities	5,982	-	15,437	21,419
Vested Employee Benefits - Due in more than one year	7,172	-	9,344	16,516
Net Pension Liability - Due in more than one year	-	-	573,451	573,451
TOTAL LIABILITIES	24,869	1,422	611,240	637,531
DEFERRED INFLOWS OF RESOURCES:				
Pension Investment Earnings	-	-	9,697	9,697
NET POSITION:				
Net Investment in Capital Assets	3,037,111	242,863	331,698	3,611,672
Unrestricted	448,995	230,024	(41,490)	637,529
TOTAL NET POSITION	\$ 3,486,106	\$ 472,887	\$ 290,208	\$ 4,249,201

**Combining Statement of Revenues, Expenses, and Changes
in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2018**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
OPERATING REVENUES:				
Charges for Services	\$ 233,399	\$ 21,254	\$ 334,631	\$ 589,284
Other Income	9,431	-	-	9,431
TOTAL OPERATING REVENUES	242,830	21,254	334,631	598,715
OPERATING EXPENSES:				
Salaries, Wages, and Fringe Benefits	240,641	-	790,215	1,030,856
Depreciation	168,758	9,410	138,044	316,212
Other Expenses	229,225	1,447	296,341	527,013
TOTAL OPERATING EXPENSES	638,624	10,857	1,224,600	1,874,081
OPERATING INCOME (LOSS)	(395,794)	10,397	(889,969)	(1,275,366)
NON OPERATING REVENUES (EXPENSES):				
Interest Earnings	4,007	2,001	2,866	8,874
Oil and Gas Royalties	465	-	-	465
Federal Grants	229,312	-	241,574	470,886
State Grants	12,740	-	381,118	393,858
Unrealized Gain (Loss)	248	135	180	563
TOTAL NONOPERATING REVENUES (EXPENSES)	246,772	2,136	625,738	874,646
INCOME (LOSS) BEFORE TRANSFERS	(149,022)	12,533	(264,231)	(400,720)
Operating Transfers In	299,239	5,000	166,000	470,239
Changes in Net Position	150,217	17,533	(98,231)	69,519
NET POSITION - BEGINNING OF YEAR	3,335,889	455,354	388,439	4,179,682
NET POSITION - END OF YEAR	\$ 3,486,106	\$ 472,887	\$ 290,208	\$ 4,249,201

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018**

	Airport	Elk Rapids Hydro Electric	Transportation	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Customers	\$ 256,695	\$ 20,792	\$ 323,585	\$ 601,072
Cash Payments for Goods and Service	(300,268)	(25)	(316,200)	(616,493)
Cash Payments to Employees for Services/Fringe Benefits	(244,786)	-	(641,652)	(886,438)
Net Cash Provided (Used) by Operating Activities	(288,359)	20,767	(634,267)	(901,859)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:				
Transfers from (to) Other Funds	299,239	5,000	166,000	470,239
Operating Grants Received	-	-	566,773	566,773
Net Cash Provided (Used) by Noncapital and Related Financing Activities	299,239	5,000	732,773	1,037,012
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of Capital Assets	(290,783)	(10,607)	(101,655)	(403,045)
Proceeds from Sale of Capital Assets	-	-	-	-
Capital Acquisition Grants - Received in Cash	242,052	-	110,724	352,776
Net Cash Provided (Used) by Capital and Related Financing Activities	(48,731)	(10,607)	9,069	(50,269)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest Income & Gains	4,255	2,136	3,046	9,437
Oil & Gas Royalties & Other	465	-	-	465
Net Cash Provided (Used) by Investing Activities	4,720	2,136	3,046	9,902
Net Increase (Decrease) in Cash and Equivalents	(33,131)	17,296	110,621	94,786
Cash and Equivalents - Beginning of the Year	434,860	212,254	221,061	868,175
Cash and Equivalents - End of Year	<u>\$ 401,729</u>	<u>\$ 229,550</u>	<u>\$ 331,682</u>	<u>\$ 962,961</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (395,794)	\$ 10,397	\$ (889,969)	\$ (1,275,366)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	168,758	9,410	138,044	316,212
Pension GASB 68 Adjustment	-	-	146,161	146,161
Change in Assets and Liabilities:				
Accounts Receivable	13,865	(462)	(11,046)	2,357
Prepaid Items	-	-	140	140
Inventories	(17,089)	-	4,659	(12,430)
Accounts Payable	(53,954)	1,422	(24,658)	(77,190)
Accrued Liabilities	(4,145)	-	2,402	(1,743)
Net Cash Provided (Used) by Operating Activities	<u>\$ (288,359)</u>	<u>\$ 20,767</u>	<u>\$ (634,267)</u>	<u>\$ (901,859)</u>

Report on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2018, 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 21, 2019. 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. 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.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 21, 2018



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan for the year ended December 31, 2018, and have issued our report thereon dated June 21, 2019. 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 May 20, 2019, 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 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 May 20, 2019.

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 net pension liability were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.
- Management's estimate of the vested employee benefits is based on current hourly rates and policies regarding payment of sick and vacation banks.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 21, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Comments and Recommendations

Information Technology (Prior Year)

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

Status: No change.

Uniform Administrative Requirements (Prior Year)

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

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

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

Status: No change.

Capital Asset Inventory (Prior Year)

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

Status: Corrected.

Disbursements (Prior Year)

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

Status: Corrected.

Deposit Advices (Prior Year)

It was noted during our review of deposit advices that multiple advices were not signed by department employees attesting to the completeness and accuracy of their advices. We recommend that all deposit advices be signed by department employees and/or department heads as an attestation to the completeness and accuracy of the advice before they send to treasurer's office.

Status: Corrected.

Single Approach for Reporting Leases

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets.

Under the new Statement, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability.
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payments to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases.
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, www.gasb.org.

GASB 84 – Fiduciary Activities

Effective 12/15/2019 (your FY 2019)

This standard establishes new criteria for determining how to report fiduciary activities in governmental financial statements. The focus is on whether the government is controlling the assets, and who the beneficiaries are. Under this revised standard, certain activities previously reported in agency funds may be reclassified in future periods. Due to the number of specific factors to consider, management should assess the degree to which this standard may impact the Road Commission.

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 inquiries 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 21, 2019