

**County of Antrim, Michigan**

**BASIC FINANCIAL STATEMENTS**

**December 31, 2017**

**COUNTY OF ANTRIM, MICHIGAN**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component 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, 2017, and the related notes to the financial statements which collectively comprise the County of Antrim, Michigan's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Meadow Brook Medical Care Facility, which represents 58 percent, 50 percent, and 87 percent, respectively, of the assets, net position, and revenue of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Medical Care Facility, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 11, pages 59 through 61, and pages 62 through 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

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

Members of the Board of Commissioners  
County of Antrim, Michigan

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2018 on our consideration of the County of Antrim, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Antrim, Michigan's internal control over financial reporting and compliance.



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

June 25, 2018

## **Management's Discussion and Analysis**

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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, 2017. 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, 2017 by \$55,068,823. Of this amount \$13,999,898 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

- \* At December 31, 2017, the County's governmental funds reported combined ending fund balance of \$19,003,595.
- \* At December 31, 2017, unassigned fund balance for the General Fund was \$10,985,617 or 80% of General Fund expenditures and transfers out.
- \* Governmental funds revenues were \$16,115,906.

### 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 21-58 of this report.

**Required Supplementary Information**

Required supplementary information related to the County's pension plan, OPEB and budgetary comparison schedules can be found on page 59-67 of this report.

**Other Information**

The combining statements referred to earlier in connection with general funds and nonmajor governmental funds are presented following the notes to the financial statements. Combining statements can be found on pages 68-84 of this report.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, net position was \$55,068,823 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<br>Activities |                      | Business-type<br>Activities |                      | Total                |                      |
|-------------------------------------|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
|                                     | 2017                       | 2016                 | 2017                        | 2016                 | 2017                 | 2016                 |
| Current Assets                      | \$ 23,141,839              | \$ 21,619,250        | \$ 26,211,897               | \$ 25,093,130        | \$ 49,353,736        | \$ 46,712,380        |
| Capital Assets                      | 17,368,215                 | 16,860,868           | 18,435,030                  | 19,078,266           | 35,803,245           | 35,939,134           |
| <b>Total Assets</b>                 | <b>40,510,054</b>          | <b>38,480,118</b>    | <b>44,646,927</b>           | <b>44,171,396</b>    | <b>85,156,981</b>    | <b>82,651,514</b>    |
| Deferred Outflows<br>of Resources   | 789,319                    | 1,805,762            | 1,619,597                   | 2,371,140            | 2,408,916            | 4,176,902            |
| Current Liabilities                 | 1,431,630                  | 1,355,847            | 1,775,865                   | 1,569,133            | 3,207,495            | 2,924,980            |
| Noncurrent Liabilities              | 18,418,212                 | 19,824,748           | 5,182,588                   | 5,729,478            | 23,600,800           | 25,554,226           |
| <b>Total Liabilities</b>            | <b>19,849,842</b>          | <b>21,180,595</b>    | <b>6,958,453</b>            | <b>7,298,611</b>     | <b>26,808,295</b>    | <b>28,479,206</b>    |
| Deferred Inflows<br>of Resources    | 3,677,819                  | 2,830,929            | 2,010,960                   | 1,753,155            | 5,688,779            | 4,584,084            |
| Net Position                        |                            |                      |                             |                      |                      |                      |
| Net Investment in<br>Capital Assets | 17,368,215                 | 16,860,868           | 18,435,030                  | 18,948,512           | 35,803,245           | 35,809,380           |
| Restricted                          | 4,847,482                  | 4,676,747            | 418,198                     | 3,872,765            | 5,265,680            | 8,549,512            |
| Unrestricted (Deficit)              | (4,443,985)                | (5,263,259)          | 18,443,883                  | 14,669,493           | 13,999,898           | 9,406,234            |
| <b>Total Net Position</b>           | <b>\$ 17,771,712</b>       | <b>\$ 16,274,356</b> | <b>\$ 37,297,111</b>        | <b>\$ 37,490,770</b> | <b>\$ 55,068,823</b> | <b>\$ 53,765,126</b> |

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 65% of total net position. An additional portion of the County’s total net position 10% 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 25%. This net position may be used to meet the government’s ongoing obligations to citizens and creditors.

County of Antrim  
Statement of Activities

|  | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total             |                   |
|--|----------------------------|-------------------|-----------------------------|-------------------|-------------------|-------------------|
|  | 2017                       | 2016              | 2017                        | 2016              | 2017              | 2016              |
| Program Revenues                         |                            |                   |                             |                   |                   |                   |
| Charges for Services                     | \$ 2,519,768               | \$ 2,203,196      | \$ 18,092,944               | \$ 18,083,561     | \$ 20,612,712     | \$ 20,286,757     |
| Operating Grants and Contributions       | 1,602,485                  | 1,856,218         | 430,494                     | 456,216           | 2,032,979         | 2,312,434         |
| Capital Grants and Contributions         | -                          | -                 | 1,083,285                   | 73,557            | 1,083,285         | 73,557            |
| General Revenues                         |                            |                   |                             |                   |                   |                   |
| Property Taxes                           | 11,408,577                 | 11,177,767        | 1,748,018                   | 1,739,118         | 13,156,595        | 12,916,885        |
| Convention Tax                           | 115,019                    | 112,649           | -                           | -                 | 115,019           | 112,649           |
| Investment Earnings and Rents            | 470,057                    | 416,261           | 100,370                     | 60,011            | 570,427           | 476,272           |
| Gain (Loss) on Sale of Capital Assets    | -                          | -                 | 2,900                       | -                 | 2,900             | -                 |
| <b>Total Revenues</b>                    | <b>16,115,906</b>          | <b>15,766,091</b> | <b>21,458,011</b>           | <b>20,412,463</b> | <b>37,573,917</b> | <b>36,178,554</b> |
| Program Expenses                         |                            |                   |                             |                   |                   |                   |
| Legislative                              | 276,525                    | 272,748           | -                           | -                 | 276,525           | 272,748           |
| Judicial                                 | 1,681,998                  | 1,791,113         | -                           | -                 | 1,681,998         | 1,791,113         |
| General Government                       | 3,910,683                  | 4,302,854         | -                           | -                 | 3,910,683         | 4,302,854         |
| Public Safety                            | 5,873,543                  | 5,464,130         | -                           | -                 | 5,873,543         | 5,464,130         |
| Public Works                             | 60,891                     | 57,220            | -                           | -                 | 60,891            | 57,220            |
| Health and Welfare                       | 2,359,907                  | 2,414,469         | -                           | -                 | 2,359,907         | 2,414,469         |
| Community/Economic Development           | 117,557                    | 96,457            | -                           | -                 | 117,557           | 96,457            |
| Recreation and Culture                   | 310,722                    | 309,888           | -                           | -                 | 310,722           | 309,888           |
| Interest - Unallocated                   | 369,375                    | 384,415           | -                           | -                 | 369,375           | 384,415           |
| Delinquent Property Tax                  | -                          | -                 | 216,275                     | 323,179           | 216,275           | 323,179           |
| Medical Care Facility                    | -                          | -                 | 18,585,526                  | 18,057,114        | 18,585,526        | 18,057,114        |
| Other Expense                            | 874,217                    | 894,009           | 1,633,001                   | 1,709,089         | 2,507,218         | 2,603,098         |
| <b>Total Expenses</b>                    | <b>15,835,418</b>          | <b>15,987,303</b> | <b>20,434,802</b>           | <b>20,089,382</b> | <b>36,270,220</b> | <b>36,076,685</b> |
| Changes in Net Position Before Transfers | 280,488                    | (221,212)         | 1,023,209                   | 323,081           | 1,303,697         | 101,869           |
| Transfers - Net                          | 1,216,868                  | 598,180           | (1,216,868)                 | (598,180)         | -                 | -                 |
| Changes in Net Position                  | 1,497,356                  | 376,968           | (193,659)                   | (275,099)         | 1,303,697         | 101,869           |
| Net Position - Beginning                 | 16,274,356                 | 15,897,388        | 37,490,770                  | 37,765,869        | 53,765,126        | 53,663,257        |
| Net Position - Ending                    | \$ 17,771,712              | \$ 16,274,356     | \$ 37,297,111               | \$ 37,490,770     | \$ 55,068,823     | \$ 53,765,126     |

### Governmental Activities

Total governmental activities increased the County's net position by \$1,497,356. The increase in the governmental activities net position was primarily due to transfers from business-type activities.

Government activities include:

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

### Business-Type Activities

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

Business-type activities decreased the County's net position after transfers by \$193,659. 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 67% of annual governmental expenditures in 2017 in the governmental funds.

The General Fund fund balance increased by \$807,515 from \$11,742,546 to \$12,550,061 during 2017.

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>2016</u>   | <u>2017</u>   |
|---------------------------|---------------|---------------|
| <u>Enterprise Funds</u>   |               |               |
| 100% Tax Payment Fund     | \$ 13,514,263 | \$ 14,589,074 |
| Medical Care Facility     | \$ 412,762    | \$ 3,199,966  |
| Airport Fund              | \$ 372,844    | \$ 420,803    |
| Elk Rapids Hydro Electric | \$ 369,274    | \$ 213,688    |
| Transportation Fund       | \$ 350        | \$ 20,352     |

**General Fund Budgetary Highlights**

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

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

Revenues:

|   |            |
|---|------------|
| Camping Fees were increased by                  | \$ 50,803  |
| Register of Deeds Transfer Tax was increased by | \$ 43,341  |
| Register of Deeds Revenue was increased by      | \$ 12,227  |
| Transfers In were increased by                  | \$ 210,200 |

Expenditures:

|   |            |
|---|------------|
| General Government was increased by     | \$ 119,283 |
| Public Safety was increased by          | \$ 81,102  |
| Recreation and Culture was increased by | \$ 26,371  |
| Capital Outlay was increased by         | \$ 164,975 |

**Capital Asset and Debt Administration**

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

The County currently has \$11,200,000 in general obligation bonds, for renovations to the Medical Care Facility.

**Economic Factors and Next Year's Budgets and Rates**

The taxable value of commercial, residential, and personal property increased slightly from 2016 to 2017. The increase is expected to continue in 2018.

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 2018.

**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**

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# County of Antrim, Michigan

## Statement of Net Position December 31, 2017

|  | Primary Government      |                          | Totals               | Component Unit       |
|--|-------------------------|--------------------------|----------------------|----------------------|
|  | Governmental Activities | Business-type Activities |                      |                      |
| <b>ASSETS:</b>   |                         |                          |                      |                      |
| Cash and Investments                                       | \$ 18,712,217           | \$ 21,205,392            | \$ 39,917,609        | \$ 1,485,838         |
| Receivables:   |                         |                          |                      |                      |
| Accounts   | 62,496                  | 1,503,886                | 1,566,382            | 63,198               |
| Current Taxes  | 2,878,399               | 1,799,777                | 4,678,176            | -                    |
| Delinquent Taxes   | -                       | 1,123,071                | 1,123,071            | -                    |
| Interest and Penalties                                     | -                       | 316,080                  | 316,080              | -                    |
| Other Governments  | 259,444                 | 55,244                   | 314,688              | 898,008              |
| Mortgages  | 1,152,902               | -                        | 1,152,902            | -                    |
| Inventories  | -                       | 69,745                   | 69,745               | 512,616              |
| Prepaid Items  | 76,381                  | 5,362                    | 81,743               | 44,517               |
| Other Assets   | -                       | 133,340                  | 133,340              | -                    |
| Capital Assets Not Depreciated                             | 11,176,631              | 389,072                  | 11,565,703           | 16,943,177           |
| Capital Assets (Net of Accumulated Depreciation)           | 6,191,584               | 18,045,958               | 24,237,542           | 16,087,590           |
| <b>TOTAL ASSETS</b>  | <b>40,510,054</b>       | <b>44,646,927</b>        | <b>85,156,981</b>    | <b>36,034,944</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>                     |                         |                          |                      |                      |
| Pension Items  | 789,319                 | 1,619,597                | 2,408,916            | 366,139              |
| <b>LIABILITIES:</b>  |                         |                          |                      |                      |
| Accounts Payable   | 627,987                 | 1,266,396                | 1,894,383            | 45,224               |
| Accrued Liabilities  | 253,643                 | 509,469                  | 763,112              | 37,750               |
| Advance from Other Governments                             | -                       | -                        | -                    | 323,269              |
| Bonds Payable - Due within one year                        | 550,000                 | -                        | 550,000              | -                    |
| Bonds Payable - Due in more than one year                  | 10,650,000              | -                        | 10,650,000           | -                    |
| Net Pension Liability - Due in more than one year          | 7,209,114               | 4,718,829                | 11,927,943           | 6,645,640            |
| Vested Employee Benefits - Due in more than one year       | 263,161                 | 463,759                  | 726,920              | 159,573              |
| Other Post Employment Benefits - Due in more than one year | 295,937                 | -                        | 295,937              | 338,278              |
| <b>TOTAL LIABILITIES</b>                                   | <b>19,849,842</b>       | <b>6,958,453</b>         | <b>26,808,295</b>    | <b>7,549,734</b>     |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                      |                         |                          |                      |                      |
| Taxes Levied for a Subsequent Period                       | 3,256,614               | 1,799,777                | 5,056,391            | -                    |
| Other State Grants   | -                       | -                        | -                    | 51,104               |
| Pension Items  | 421,205                 | 211,183                  | 632,388              | 143,577              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                 | <b>3,677,819</b>        | <b>2,010,960</b>         | <b>5,688,779</b>     | <b>194,681</b>       |
| <b>NET POSITION:</b>                                       |                         |                          |                      |                      |
| Net Investment in Capital Assets                           | 17,368,215              | 18,435,030               | 35,803,245           | 33,030,767           |
| Restricted   | 4,847,482               | 418,198                  | 5,265,680            | -                    |
| Unrestricted (Deficit)                                     | (4,443,985)             | 18,443,883               | 13,999,898           | (4,374,099)          |
| <b>TOTAL NET POSITION</b>                                  | <b>\$ 17,771,712</b>    | <b>\$ 37,297,111</b>     | <b>\$ 55,068,823</b> | <b>\$ 28,656,668</b> |

# County of Antrim, Michigan

## Statement of Activities For the Year Ended December 31, 2017

| Functions/Programs                     | Expenses      | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |   |               | Component<br>Unit |
|--|---------------|-------------------------|--|--|--|---|---------------|-------------------|
|  |               | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Primary Government<br>Business-Type<br>Activities | Total         |                   |
| <b>Primary Government:</b>             |               |                         |  |  |  |   |               |                   |
| <b>Governmental Activities:</b>        |               |                         |  |  |  |   |               |                   |
| Legislative                            | \$ 276,525    | \$ -                    | \$ -                                     | \$ -                                   | \$ (276,525)   | \$ -  | \$ (276,525)  | \$ -              |
| Judicial                               | 1,681,998     | 480,847                 | 299,786                                  | -                                      | (901,365)  | -   | (901,365)     | -                 |
| General Government                     | 3,910,683     | 796,263                 | 497,942                                  | -                                      | (2,616,478)  | -   | (2,616,478)   | -                 |
| Public Safety                          | 5,873,543     | 853,782                 | 385,685                                  | -                                      | (4,634,076)  | -   | (4,634,076)   | -                 |
| Public Works                           | 60,891        | -                       | -  | -                                      | (60,891)   | -   | (60,891)      | -                 |
| Health & Welfare                       | 2,359,907     | 181,348                 | 403,853                                  | -                                      | (1,774,706)  | -   | (1,774,706)   | -                 |
| Community and Economic Development     | 117,557       | -                       | -  | -                                      | (117,557)  | -   | (117,557)     | -                 |
| Recreation and Culture                 | 310,722       | 207,528                 | 15,219                                   | -                                      | (87,975)   | -   | (87,975)      | -                 |
| Other                                  | 874,217       | -                       | -  | -                                      | (874,217)  | -   | (874,217)     | -                 |
| Interest - Unallocated                 | 369,375       | -                       | -  | -                                      | (369,375)  | -   | (369,375)     | -                 |
| Total Governmental Activities          | 15,835,418    | 2,519,768               | 1,602,485                                | -                                      | (11,713,165)   | -   | (11,713,165)  | -                 |
| <b>Business-type Activities:</b>       |               |                         |  |  |  |   |               |                   |
| Delinquent Property Tax                | 216,275       | 677,505                 | -  | -                                      | -  | 461,230   | 461,230       | -                 |
| Medical Care Facility                  | 18,585,526    | 16,877,338              | -  | -                                      | -  | (1,708,188)                                       | (1,708,188)   | -                 |
| Other                                  | 1,633,001     | 538,101                 | 430,494                                  | 1,083,285                              | -  | 418,879   | 418,879       | -                 |
| Total Business-type Activities         | 20,434,802    | 18,092,944              | 430,494                                  | 1,083,285                              | -  | (828,079)   | (828,079)     | -                 |
| Total Primary Government               | 36,270,220    | 20,612,712              | 2,032,979                                | 1,083,285                              | (11,713,165)   | (828,079)   | (12,541,244)  | -                 |
| <b>Component Unit:</b>                 |               |                         |  |  |  |   |               |                   |
| Road Commission                        | 7,292,128     | 1,023,849               | 5,885,101                                | 2,220,519                              | -  | -   | -             | 1,837,341         |
| Total Component Unit                   | 7,292,128     | 1,023,849               | 5,885,101                                | 2,220,519                              | -  | -   | -             | 1,837,341         |
| Total                                  | \$ 43,562,348 | \$ 21,636,561           | \$ 7,918,080                             | \$ 3,303,804                           | -  | -   | -             | -                 |
| <b>General Revenues and Transfers:</b> |               |                         |  |  |  |   |               |                   |
| Property Taxes - Real                  | -             | -                       | -  | -                                      | 11,408,577   | 1,748,018   | 13,156,595    | -                 |
| Convention Taxes                       | -             | -                       | -  | -                                      | 115,019  | -   | 115,019       | -                 |
| Investment Earnings and Rents          | -             | -                       | -  | -                                      | 470,057  | 100,370   | 570,427       | 3,238             |
| Gain (Loss) on Sale of Capital Assets  | -             | -                       | -  | -                                      | -  | 2,900   | 2,900         | 22,890            |
| Transfers - Internal Activities        | -             | -                       | -  | -                                      | 1,216,868  | (1,216,868)                                       | -             | -                 |
| Total General Revenues and Transfers   | -             | -                       | -  | -                                      | 13,210,521   | 634,420   | 13,844,941    | 26,128            |
| Changes in Net Position                | -             | -                       | -  | -                                      | 1,497,356  | (193,659)   | 1,303,697     | 1,863,469         |
| Net Position - Beginning               | -             | -                       | -  | -                                      | 16,274,356   | 37,490,770  | 53,765,126    | 26,793,199        |
| <b>Net Position - Ending</b>           | -             | -                       | -  | -                                      | \$ 17,771,712  | \$ 37,297,111                                     | \$ 55,068,823 | \$ 28,656,668     |

# County of Antrim, Michigan

## Balance Sheet Governmental Funds December 31, 2017

|   | General<br>Funds     | Services<br>for<br>Aged | Housing<br>Project<br>Income | E-911<br>Operating  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|-------------------------|------------------------------|---------------------|-----------------------------------|--------------------------------|
| <b>ASSETS:</b>  |                      |                         |                              |                     |                                   |                                |
| Cash and Investments  | \$ 12,143,356        | \$ 749,189              | \$ 50,053                    | \$ 987,384          | \$ 4,782,235                      | \$ 18,712,217                  |
| Receivables:  |                      |                         |                              |                     |                                   |                                |
| Taxes   | 1,106,391            | 699,219                 | -                            | 894,339             | 178,450                           | 2,878,399                      |
| Accounts  | 58,139               | 4,036                   | -                            | -                   | 321                               | 62,496                         |
| Mortgages   | -                    | -                       | 1,152,902                    | -                   | -                                 | 1,152,902                      |
| Prepaid Items   | 76,381               | -                       | -                            | -                   | -                                 | 76,381                         |
| Due from Governmental Units   | 211,178              | 7,180                   | -                            | -                   | 41,086                            | 259,444                        |
| <b>TOTAL ASSETS</b>   | <b>\$ 13,595,445</b> | <b>\$ 1,459,624</b>     | <b>\$ 1,202,955</b>          | <b>\$ 1,881,723</b> | <b>\$ 5,002,092</b>               | <b>\$ 23,141,839</b>           |
| <b>LIABILITIES:</b>   |                      |                         |                              |                     |                                   |                                |
| Accounts Payable  | \$ 528,811           | \$ 39,426               | \$ -                         | \$ 17,502           | \$ 42,248                         | \$ 627,987                     |
| Accrued Liabilities   | 188,532              | 15,618                  | -                            | 26,033              | 23,460                            | 253,643                        |
| <b>TOTAL LIABILITIES</b>  | <b>717,343</b>       | <b>55,044</b>           | <b>-</b>                     | <b>43,535</b>       | <b>65,708</b>                     | <b>881,630</b>                 |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>   |                      |                         |                              |                     |                                   |                                |
| Mortgage Revenue  | -                    | -                       | 1,152,902                    | -                   | -                                 | 1,152,902                      |
| Taxes Levied for a Subsequent Period  | 328,041              | 703,273                 | -                            | 893,948             | 178,450                           | 2,103,712                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>  | <b>328,041</b>       | <b>703,273</b>          | <b>1,152,902</b>             | <b>893,948</b>      | <b>178,450</b>                    | <b>3,256,614</b>               |
| <b>FUND BALANCES:</b>   |                      |                         |                              |                     |                                   |                                |
| Restricted  | -                    | 701,307                 | 50,053                       | 944,240             | 3,151,882                         | 4,847,482                      |
| Nonspendable  | 76,381               | -                       | -                            | -                   | -                                 | 76,381                         |
| Committed   | 326,758              | -                       | -                            | -                   | 267,294                           | 594,052                        |
| Assigned  | 1,161,305            | -                       | -                            | -                   | 1,338,758                         | 2,500,063                      |
| Unassigned  | 10,985,617           | -                       | -                            | -                   | -                                 | 10,985,617                     |
| <b>TOTAL FUND BALANCES</b>  | <b>12,550,061</b>    | <b>701,307</b>          | <b>50,053</b>                | <b>944,240</b>      | <b>4,757,934</b>                  | <b>19,003,595</b>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>                               | <b>\$ 13,595,445</b> | <b>\$ 1,459,624</b>     | <b>\$ 1,202,955</b>          | <b>\$ 1,881,723</b> | <b>\$ 5,002,092</b>               |                                |
| <b>Reconciliation to amounts reported for governmental activities in the statement of net position:</b> |                      |                         |                              |                     |                                   |                                |
| Capital assets used by governmental activities  |                      |                         |                              |                     |                                   | 17,368,215                     |
| Long term installment notes and bonds payable for governmental activities                               |                      |                         |                              |                     |                                   | (11,200,000)                   |
| Vested employee benefits  |                      |                         |                              |                     |                                   | (263,161)                      |
| Net pension liability and deferred outflows   |                      |                         |                              |                     |                                   | (6,841,000)                    |
| Other postemployment benefits liability   |                      |                         |                              |                     |                                   | (295,937)                      |
| <b>Net position of governmental activities</b>  |                      |                         |                              |                     |                                   | <b>\$ 17,771,712</b>           |

See accompanying notes to financial statements.

**County of Antrim, Michigan**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Governmental Funds  
For the Year Ended December 31, 2017**

|  | General<br>Funds  | Services<br>for<br>Aged | Housing<br>Project<br>Income | E-911<br>Operating | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|-------------------------|------------------------------|--------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                   |                         |                              |                    |                                   |                                |
| Taxes and Penalties  | \$ 9,834,404      | \$ 699,621              | \$ -                         | \$ 874,552         | \$ -                              | \$ 11,408,577                  |
| Licenses and Permits   | 249,339           | -                       | -                            | -                  | 681,295                           | 930,634                        |
| Federal  | 48,582            | 18,762                  | -                            | -                  | 1,000                             | 68,344                         |
| State  | 654,420           | 183,164                 | -                            | -                  | 293,066                           | 1,130,650                      |
| Local  | -                 | -                       | -                            | -                  | 3,500                             | 3,500                          |
| Charges for Services   | 1,232,473         | 154,228                 | -                            | 1,000              | 143,373                           | 1,531,074                      |
| Fines and Forfeits   | 2,450             | -                       | -                            | -                  | 50,065                            | 52,515                         |
| Interest and Rents   | 282,185           | 6,626                   | 2,800                        | 6,525              | 171,921                           | 470,057                        |
| Other Revenue  | 394,698           | 16,312                  | 49,622                       | 1,181              | 58,742                            | 520,555                        |
| <b>TOTAL REVENUES</b>  | <b>12,698,551</b> | <b>1,078,713</b>        | <b>52,422</b>                | <b>883,258</b>     | <b>1,402,962</b>                  | <b>16,115,906</b>              |
| <b>EXPENDITURES:</b>   |                   |                         |                              |                    |                                   |                                |
| Legislative  | 276,525           | -                       | -                            | -                  | -                                 | 276,525                        |
| Judicial   | 1,641,456         | -                       | -                            | -                  | 10,861                            | 1,652,317                      |
| General Government   | 3,419,366         | -                       | -                            | -                  | 12,065                            | 3,431,431                      |
| Public Safety  | 4,062,718         | -                       | -                            | 665,828            | 611,215                           | 5,339,761                      |
| Public Works   | 60,891            | -                       | -                            | -                  | -                                 | 60,891                         |
| Health and Welfare   | 981,912           | 938,037                 | -                            | -                  | 401,990                           | 2,321,939                      |
| Community/Economic Development   | 117,557           | -                       | -                            | -                  | -                                 | 117,557                        |
| Recreation and Culture   | 266,246           | -                       | -                            | -                  | 10,861                            | 277,107                        |
| Capital Outlay   | 871,618           | -                       | -                            | 68,769             | 100,146                           | 1,040,533                      |
| Other  | 874,217           | -                       | -                            | -                  | -                                 | 874,217                        |
| Debt Service   | -                 | -                       | -                            | -                  | 869,375                           | 869,375                        |
| <b>TOTAL EXPENDITURES</b>  | <b>12,572,506</b> | <b>938,037</b>          | <b>-</b>                     | <b>734,597</b>     | <b>2,016,513</b>                  | <b>16,261,653</b>              |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES   | 126,045           | 140,676                 | 52,422                       | 148,661            | (613,551)                         | (145,747)                      |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                   |                         |                              |                    |                                   |                                |
| Operating Transfers In   | 1,920,864         | -                       | -                            | -                  | 1,074,141                         | 2,995,005                      |
| Operating Transfers Out  | (1,239,394)       | -                       | (34,406)                     | -                  | (504,337)                         | (1,778,137)                    |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>681,470</b>    | <b>-</b>                | <b>(34,406)</b>              | <b>-</b>           | <b>569,804</b>                    | <b>1,216,868</b>               |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>FINANCING SOURCES OVER EXPENDITURES<br>AND OTHER FINANCING USES | 807,515           | 140,676                 | 18,016                       | 148,661            | (43,747)                          | 1,071,121                      |
| FUND BALANCES, JANUARY 1   | 11,742,546        | 560,631                 | 32,037                       | 795,579            | 4,801,681                         | 17,932,474                     |
| FUND BALANCES, DECEMBER 31   | \$ 12,550,061     | \$ 701,307              | \$ 50,053                    | \$ 944,240         | \$ 4,757,934                      | \$ 19,003,595                  |

**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, 2017**

Net changes in fund balances - total governmental funds \$ 1,071,121

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       | 1,040,533 |
| Depreciation Expense | (533,187) |

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

|                           |         |
|---------------------------|---------|
| Bond Repayment - MCF Debt | 500,000 |
|---------------------------|---------|

Vested employee benefits payable do not require the current use of financial resources and are not reported as expenditures in the fund statements.

|   |                  |
|---|------------------|
| Vested Employee Benefits                              | (51,504)         |
| Other Post Employment Benefits                        | (56,816)         |
| Pension investment, experience and assumption changes | <u>(472,791)</u> |

|  |                            |
|--|----------------------------|
| Changes in net position of governmental activities | <u><u>\$ 1,497,356</u></u> |
|--|----------------------------|

**Statement of Net Position  
Proprietary Funds  
December 31, 2017**

|  | Business-type Activities - Enterprise Funds |                             |                                 |                              |
|--|---|-----------------------------|---------------------------------|------------------------------|
|  | Major                                       |                             |                                 |                              |
|  | 100% Tax<br>Payment                         | Medical<br>Care<br>Facility | Nonmajor<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds |
| <b>ASSETS:</b>                                       |   |                             |                                 |                              |
| Cash and Investments                                 | \$ 13,150,544                               | \$ 7,186,673                | \$ 868,175                      | \$ 21,205,392                |
| Receivables:   |   |                             |                                 |                              |
| Accounts   | -   | 1,390,533                   | 113,353                         | 1,503,886                    |
| Taxes  | -   | 1,799,777                   | -                               | 1,799,777                    |
| Delinquent Taxes                                     | 1,123,071                                   | -                           | -                               | 1,123,071                    |
| Interest and Penalties                               | 316,080                                     | -                           | -                               | 316,080                      |
| Due from Other Governments                           | -   | -                           | 55,244                          | 55,244                       |
| Prepaid Items  | -   | -                           | 5,362                           | 5,362                        |
| Inventory  | -   | -                           | 69,745                          | 69,745                       |
| Other Assets   | -   | 133,340                     | -                               | 133,340                      |
| Capital Assets (Not Depreciated)                     | -   | 52,818                      | 336,254                         | 389,072                      |
| Capital Assets (Net of Accumulated Depreciation)     | -   | 14,857,373                  | 3,188,585                       | 18,045,958                   |
| <b>TOTAL ASSETS</b>                                  | <b>14,589,695</b>                           | <b>25,420,514</b>           | <b>4,636,718</b>                | <b>44,646,927</b>            |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>               |   |                             |                                 |                              |
| Pension Items  | -   | 1,583,365                   | 36,232                          | 1,619,597                    |
| <b>LIABILITIES:</b>                                  |   |                             |                                 |                              |
| Accounts Payable                                     | -   | 1,163,061                   | 103,335                         | 1,266,396                    |
| Accrued Liabilities                                  | 621   | 483,451                     | 25,397                          | 509,469                      |
| Vested Employee Benefits - Due in more than one year | -   | 449,478                     | 14,281                          | 463,759                      |
| Net Pension Liability - Due in more than one year    | -   | 4,387,909                   | 330,920                         | 4,718,829                    |
| <b>TOTAL LIABILITIES</b>                             | <b>621</b>                                  | <b>6,483,899</b>            | <b>473,933</b>                  | <b>6,958,453</b>             |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                |   |                             |                                 |                              |
| Taxes Levied for a Subsequent Period                 | -   | 1,799,777                   | -                               | 1,799,777                    |
| Pension Items  | -   | 191,848                     | 19,335                          | 211,183                      |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>           | <b>-</b>                                    | <b>1,991,625</b>            | <b>19,335</b>                   | <b>2,010,960</b>             |
| <b>NET POSITION:</b>                                 |   |                             |                                 |                              |
| Net Investment in Capital Assets                     | -   | 14,910,191                  | 3,524,839                       | 18,435,030                   |
| Restricted   | -   | 418,198                     | -                               | 418,198                      |
| Unrestricted   | 14,589,074                                  | 3,199,966                   | 654,843                         | 18,443,883                   |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 14,589,074</b>                        | <b>\$ 18,528,355</b>        | <b>\$ 4,179,682</b>             | <b>\$ 37,297,111</b>         |

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
For the Year Ended December 31, 2017**

|  | Business-type Activities - Enterprise Funds |                             |                                 |                              |
|--|---|-----------------------------|---------------------------------|------------------------------|
|  | Major                                       |                             |                                 | Total<br>Enterprise<br>Funds |
|  | 100% Tax<br>Payment                         | Medical<br>Care<br>Facility | Nonmajor<br>Enterprise<br>Funds |                              |
| OPERATING REVENUES:                            |   |                             |                                 |                              |
| Interest and Penalties on Taxes                | \$ 375,793                                  | \$ -                        | \$ -                            | \$ 375,793                   |
| Charges for Services                           | 170,982                                     | 16,834,653                  | 525,492                         | 17,531,127                   |
| Sale of Properties at Tax Auction              | 130,730                                     | -                           | -                               | 130,730                      |
| Other Income                                   | -   | 42,685                      | 12,609                          | 55,294                       |
| <b>TOTAL REVENUES</b>                          | <b>677,505</b>                              | <b>16,877,338</b>           | <b>538,101</b>                  | <b>18,092,944</b>            |
| OPERATING EXPENSES:                            |   |                             |                                 |                              |
| Salaries, Wages, and Fringe Benefits           | -   | 12,356,695                  | 892,081                         | 13,248,776                   |
| Depreciation                                   | -   | 1,671,404                   | 331,111                         | 2,002,515                    |
| Other Expenses                                 | 216,275                                     | 4,557,427                   | 409,809                         | 5,183,511                    |
| <b>TOTAL EXPENSES</b>                          | <b>216,275</b>                              | <b>18,585,526</b>           | <b>1,633,001</b>                | <b>20,434,802</b>            |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>461,230</b>                              | <b>(1,708,188)</b>          | <b>(1,094,900)</b>              | <b>(2,341,858)</b>           |
| NON-OPERATING REVENUES (EXPENSES):             |   |                             |                                 |                              |
| Interest Earnings & Gains                      | 53,427                                      | 32,977                      | 5,087                           | 91,491                       |
| Oil and Gas Royalties                          | 344   | -                           | 1,189                           | 1,533                        |
| Property Taxes - Real                          | -   | 1,748,018                   | -                               | 1,748,018                    |
| Other  | -   | 7,346                       | -                               | 7,346                        |
| Gain on disposal                               | -   | -                           | 2,900                           | 2,900                        |
| Federal Grants                                 | -   | -                           | 1,150,634                       | 1,150,634                    |
| State Grants                                   | -   | -                           | 363,145                         | 363,145                      |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b> | <b>53,771</b>                               | <b>1,788,341</b>            | <b>1,522,955</b>                | <b>3,365,067</b>             |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>          | <b>515,001</b>                              | <b>80,153</b>               | <b>428,055</b>                  | <b>1,023,209</b>             |
| Operating Transfers In                         | -   | -                           | 472,674                         | 472,674                      |
| Operating Transfers Out                        | (820,167)                                   | (869,375)                   | -                               | (1,689,542)                  |
| <b>CHANGES IN NET POSITION</b>                 | <b>(305,166)</b>                            | <b>(789,222)</b>            | <b>900,729</b>                  | <b>(193,659)</b>             |
| <b>NET POSITION, JANUARY 1</b>                 | <b>14,894,240</b>                           | <b>19,317,577</b>           | <b>3,278,953</b>                | <b>37,490,770</b>            |
| <b>NET POSITION, DECEMBER 31</b>               | <b>\$ 14,589,074</b>                        | <b>\$ 18,528,355</b>        | <b>\$ 4,179,682</b>             | <b>\$ 37,297,111</b>         |



**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017**

|   | Business-type Activities - Enterprise Funds |                             |                                 |                              |
|---|---|-----------------------------|---------------------------------|------------------------------|
|   | Major                                       |                             |                                 |                              |
|   | 100% Tax<br>Payment                         | Medical<br>Care<br>Facility | Nonmajor<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |                             |                                 |                              |
| Cash Received from Customers and QAS  | \$ -  | \$ 15,940,283               | \$ 516,630                      | \$ 16,456,913                |
| Cash Received from Sale of Taxes on Auction   | 130,730                                     | -                           | -                               | 130,730                      |
| Cash Received for Delinquent Taxes  | 2,789,630                                   | -                           | -                               | 2,789,630                    |
| Cash Payments for Goods and Services  | (216,359)                                   | (15,558,049)                | (426,476)                       | (16,200,884)                 |
| Cash Received from Penalties and Interest on Delinquent Taxes   | 550,804                                     | -                           | -                               | 550,804                      |
| Cash Received from Other Sources  | -   | 42,685                      | -                               | 42,685                       |
| Cash Payment to Employees for Services/Fringe Benefits  | -   | -                           | (893,975)                       | (893,975)                    |
| Cash Payments for Delinquent Taxes  | (2,719,960)                                 | -                           | -                               | (2,719,960)                  |
| Net Cash Provided (Used) by Operating Activities  | <u>534,845</u>                              | <u>424,919</u>              | <u>(803,821)</u>                | <u>155,943</u>               |
| <b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                   |   |                             |                                 |                              |
| Transfers from (to) Other Funds   | (820,167)                                   | -                           | 472,674                         | (347,493)                    |
| Proceeds from County Tax Levy   | -   | 1,748,018                   | -                               | 1,748,018                    |
| Contributions Received  | -   | 7,346                       | -                               | 7,346                        |
| Operating Grants Received   | -   | -                           | 387,917                         | 387,917                      |
| Net Cash Provided (Used) by Noncapital and Related Financing Activities                               | <u>(820,167)</u>                            | <u>1,755,364</u>            | <u>860,591</u>                  | <u>1,795,788</u>             |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |   |                             |                                 |                              |
| Acquisition of Capital Assets   | -   | (170,005)                   | (1,319,464)                     | (1,489,469)                  |
| Proceeds from Sale of Capital Assets  | -   | -                           | 2,900                           | 2,900                        |
| Transfer to County for Long-Term Debt Payment   | -   | (869,375)                   | -                               | (869,375)                    |
| Capital Acquisition Grants - Received in Cash   | -   | -                           | 1,083,285                       | 1,083,285                    |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                  | <u>-</u>                                    | <u>(1,039,380)</u>          | <u>(233,279)</u>                | <u>(1,272,659)</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |                             |                                 |                              |
| Oil and Gas Royalties   | 344   | -                           | 1,078                           | 1,422                        |
| Interest Earnings & Gains   | 53,427                                      | 32,977                      | 5,198                           | 91,602                       |
| Net Cash Provided (Used) by Investing Activities  | <u>53,771</u>                               | <u>32,977</u>               | <u>6,276</u>                    | <u>93,024</u>                |
| Net Increase (Decrease) in Cash and Equivalents   | (231,551)                                   | 1,173,880                   | (170,233)                       | 772,096                      |
| Balances - Beginning of the Year  | <u>13,382,095</u>                           | <u>6,012,793</u>            | <u>1,038,408</u>                | <u>20,433,296</u>            |
| Balances - End of the Year  | <u>\$ 13,150,544</u>                        | <u>\$ 7,186,673</u>         | <u>\$ 868,175</u>               | <u>\$ 21,205,392</u>         |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b> |   |                             |                                 |                              |
| Operating Income (Loss)   | \$ 461,230                                  | \$ (1,708,188)              | \$ (1,094,900)                  | \$ (2,341,858)               |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: |   |                             |                                 |                              |
| Depreciation Expense  | -   | 1,671,404                   | 331,111                         | 2,002,515                    |
| Provision for Bad Debt Expense  | -   | 81,268                      | -                               | 81,268                       |
| Amortization of Deferred Outflows   | -   | 265,448                     | -                               | 265,448                      |
| Change in Assets and Liabilities:   |   |                             |                                 |                              |
| Accounts Receivable   | -   | (264,553)                   | (21,465)                        | (286,018)                    |
| Delinquent Taxes Receivable   | 69,670                                      | -                           | -                               | 69,670                       |
| Interest and Penalties Receivable   | 4,029                                       | -                           | -                               | 4,029                        |
| Prepaid Items   | -   | -                           | 329                             | 329                          |
| Inventories   | -   | -                           | 7,019                           | 7,019                        |
| Other Assets  | -   | (50,208)                    | -                               | (50,208)                     |
| Accounts Payable  | (171)                                       | (60,612)                    | (24,021)                        | (84,804)                     |
| Accrued Liabilities   | 87  | 314,676                     | (1,894)                         | 312,869                      |
| Deferred Outflows   | -   | 671,991                     | -                               | 671,991                      |
| Net Pension Liability   | -   | (496,307)                   | -                               | (496,307)                    |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 534,845</u>                           | <u>\$ 424,919</u>           | <u>\$ (803,821)</u>             | <u>\$ 155,943</u>            |

See accompanying notes to financial statements.

Statement of Fiduciary Net Assets  
Fiduciary Funds  
December 31, 2017

|                               | <u>Agency<br/>Funds</u> |
|-------------------------------|-------------------------|
| ASSETS:                       |                         |
| Cash and Investments          | \$ 749,228              |
| <br>TOTAL ASSETS              | <br><u>\$ 749,228</u>   |
| LIABILITIES:                  |                         |
| Due to Governmental Units     | \$ 118,552              |
| Undistributed Tax Collections | 577,066                 |
| Other Liabilities             | <u>53,610</u>           |
| <br>TOTAL LIABILITIES         | <br><u>\$ 749,228</u>   |

## **Notes to Financial Statements**

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**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 2017, Antrim County's local match was 91,531. 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 86<sup>th</sup> 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 1<sup>st</sup> 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 2016 and summer 2017 ad valorem taxes were levied and collectible on December 1, 2016 and July 1, 2017, 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 2016 and summer 2017 tax levies have been recognized as revenue in the current fiscal year. The 2016 taxable value of Antrim County amounted to \$1,752,306,613 on which ad valorem taxes were levied for the Medical Care and Services of the Aged were levied.

The 2017 taxable value amounted to \$1,794,367,521 on which 5.40 mills for summer 2017 for general operating purposes were levied. The Antrim County Commission on Aging levied .40 mills for services related to the aging within the County. The County levied 1.000 mills for services related to the Meadow Brook Medical Care Facility operations. Included in the 1.000 levy are funds for debt service which will be used to pay bonded indebtedness for the Meadow Brook Medical Care Facility renovation and reconstruction when it is completed. The County also levied .5000 mills for 911 operations, .1000 mills for Conservation District, and .2500 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, 2017. 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 1<sup>st</sup> 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, grants 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 has classified Prepaid Items as being Nonspendable.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

**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<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total Primary<br/>Government</u> | <u>Fiduciary<br/>Funds</u> | <u>Component<br/>Unit</u> |
|------------------------|------------------------------------|-------------------------------------|-------------------------------------|----------------------------|---------------------------|
| Cash and Investments – |                                    |                                     |                                     |                            |                           |
| Unrestricted           | \$ 18,611,816                      | \$ 20,140,843                       | \$ 38,752,659                       | \$ 749,228                 | \$ 1,485,838              |
| Restricted             | <u>100,401</u>                     | <u>1,064,549</u>                    | <u>1,164,950</u>                    | <u>-</u>                   | <u>-</u>                  |
| Total                  | <u>\$ 18,712,217</u>               | <u>\$ 21,205,392</u>                | <u>\$ 39,917,609</u>                | <u>\$ 749,228</u>          | <u>\$ 1,485,838</u>       |

Cash is restricted for Medical Care Facility debt service requirements.

|   | <u>Primary<br/>Government</u> | <u>Fiduciary<br/>Funds</u> | <u>Component<br/>Unit</u> |
|---|-------------------------------|----------------------------|---------------------------|
| Investments   | \$ 11,306,152                 | \$ -                       | \$ -                      |
| Bank Deposits (checking and savings<br>accounts, certificates of deposit) | 28,608,047                    | 749,228                    | 1,485,638                 |
| Petty Cash and Cash on Hand   | <u>3,410</u>                  | <u>-</u>                   | <u>200</u>                |
| Total   | <u>\$ 39,917,609</u>          | <u>\$ 749,228</u>          | <u>\$ 1,485,838</u>       |

|                   | <u>Fair Value</u>    | <u>Less Than 1</u>  | <u>1 – 5</u>        | <u>Ratings</u> | <u>%</u>    |
|-------------------|----------------------|---------------------|---------------------|----------------|-------------|
| Investments:      |                      |                     |                     |                |             |
| Money Markets     | \$ 7,445,727         | \$ 7,445,727        | \$ -                | P-1            | 66%         |
| Municipal Bonds   | 251,892              | -                   | 251,892             | AA1            | 2%          |
| Certificates      | 986,660              | -                   | 986,660             | N/A            | 9%          |
| Govt. Securities  | 499,778              | -                   | 499,778             | AAA            | 4%          |
| Commercial Paper  | <u>2,122,095</u>     | <u>2,122,095</u>    | <u>-</u>            | A1             | <u>19%</u>  |
| Total Investments | <u>\$ 11,306,152</u> | <u>\$ 9,567,822</u> | <u>\$ 1,738,330</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.

The County has the following fair value measurements as of December 31, 2017:

| Investment            | Balances at<br>12/31/2017 | Quoted<br>Prices<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|-----------------------|---------------------------|-------------------------------|---|--|
| Debt Securities:      |                           |                               |   |  |
| Municipal Bonds       | \$ 251,892                | \$ -                          | \$ 251,892  | \$ -   |
| Commercial Paper      | 2,122,095                 | -                             | 2,122,095   | -  |
| Government Securities | 499,778                   | -                             | 499,778   | -  |
| Certificates          | 986,660                   | -                             | 986,660   | -  |
| Public Money Markets  | <u>7,445,727</u>          | <u>-</u>                      | <u>7,445,727</u>  | <u>-</u>   |
| Total Investments     | <u>\$ 11,306,152</u>      | <u>\$ -</u>                   | <u>\$ 11,306,152</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, 2017 was determined primarily based on Level 2 inputs. The County’s estimates the fair value of these investments using other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. The County holds shares in money markets where the fair value of the investments are measured on a recurring basis using the net asset value per share of the investment pool as a practical expedient.

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

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

**NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)**

*Custodial deposit credit risk.* Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for custodial deposit credit risk. As of year end, \$26,787,198 of the County's bank balance of \$28,465,855 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 \$11,306,152 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<br/>Balance</u> | <u>Increases</u>  | <u>Adjustments/<br/>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|-------------------|-----------------------------------|---------------------------|
| <b>Governmental Activities:</b>              |                              |                   |                                   |                           |
| <i>Capital assets not being depreciated:</i> |                              |                   |                                   |                           |
| Land   | \$ 11,172,082                | \$ 4,549          | \$ -                              | \$ 11,176,631             |
| <i>Capital assets being depreciated:</i>     |                              |                   |                                   |                           |
| Buildings                                    | 9,295,611                    | 522,116           | -                                 | 9,817,727                 |
| Land Improvements                            | 1,814,272                    | 127,401           | -                                 | 1,941,673                 |
| Machinery and Equipment                      | 5,427,204                    | 386,468           | 134,914                           | 5,678,758                 |
| Subtotal                                     | <u>16,537,087</u>            | <u>1,035,985</u>  | <u>134,914</u>                    | <u>17,438,158</u>         |
| <i>Less accumulated depreciation for:</i>    |                              |                   |                                   |                           |
| Buildings                                    | 4,825,574                    | 193,901           | -                                 | 5,019,475                 |
| Land Improvements                            | 1,730,817                    | 17,878            | -                                 | 1,748,695                 |
| Machinery and Equipment                      | 4,291,910                    | 321,408           | 134,914                           | 4,478,404                 |
| Subtotal                                     | <u>10,848,301</u>            | <u>533,187</u>    | <u>134,914</u>                    | <u>11,246,574</u>         |
| Net Capital Assets Being Depreciated         | <u>5,688,786</u>             | <u>502,798</u>    | <u>-</u>                          | <u>6,191,584</u>          |
| Capital Assets - Net of Depreciation         | <u>\$ 16,860,868</u>         | <u>\$ 507,347</u> | <u>\$ -</u>                       | <u>\$ 17,368,215</u>      |

**NOTE 4 - CAPITAL ASSETS (Continued)**

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

|                        |                       |
|------------------------|-----------------------|
| Judicial               | \$ 29,681             |
| General Government     | 170,683               |
| Public Safety          | 263,216               |
| Health and Welfare     | 35,992                |
| Recreation and Culture | <u>33,615</u>         |
| <br>Total Depreciation | <br><u>\$ 533,187</u> |

|  | <u>Beginning<br/>Balance</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balance</u> |
|--|------------------------------|---------------------|------------------|---------------------------|
| <b>Business-type Activities:</b>             |                              |                     |                  |                           |
| <i>Capital assets not being depreciated:</i> |                              |                     |                  |                           |
| Land   | \$ 336,254                   | \$ -                | \$ -             | \$ 336,254                |
| Construction in Progress                     | <u>-</u>                     | <u>52,818</u>       | <u>-</u>         | <u>52,818</u>             |
| Subtotal                                     | <u>336,254</u>               | <u>52,818</u>       | <u>-</u>         | <u>389,072</u>            |
| <i>Capital assets being depreciated:</i>     |                              |                     |                  |                           |
| Land Improvements                            | 1,383,717                    | -                   | -                | 1,383,717                 |
| Buildings                                    | 24,065,412                   | 148,083             | -                | 24,213,495                |
| Furniture, Fixtures, and Equipment           | 5,097,226                    | 1,212,952           | 83,895           | 6,226,283                 |
| Vehicles                                     | <u>1,718,869</u>             | <u>75,616</u>       | <u>61,430</u>    | <u>1,733,055</u>          |
| Subtotal                                     | <u>32,265,224</u>            | <u>1,436,651</u>    | <u>145,325</u>   | <u>33,556,550</u>         |
| <i>Less accumulated depreciation for:</i>    |                              |                     |                  |                           |
| Land Improvements                            | 357,178                      | 72,129              | -                | 429,307                   |
| Building                                     | 7,906,746                    | 1,523,904           | -                | 9,430,650                 |
| Furniture, Fixtures, and Equipment           | 4,051,889                    | 259,279             | 83,459           | 4,227,709                 |
| Vehicles                                     | <u>1,337,153</u>             | <u>147,203</u>      | <u>61,430</u>    | <u>1,422,926</u>          |
| Subtotal                                     | <u>13,652,966</u>            | <u>2,002,515</u>    | <u>144,889</u>   | <u>15,510,592</u>         |
| Net Capital Assets Being Depreciated         | <u>18,612,258</u>            | <u>(565,864)</u>    | <u>436</u>       | <u>18,045,958</u>         |
| Capital Assets - Net of Depreciation         | <u>\$ 18,948,512</u>         | <u>\$ (513,046)</u> | <u>\$ 436</u>    | <u>\$ 18,435,030</u>      |

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

|                       |                     |
|-----------------------|---------------------|
| Medical Care Facility | \$ 1,671,404        |
| Airport               | 170,302             |
| Hydro Electric        | 8,880               |
| Transportation        | <u>151,929</u>      |
| Total Depreciation    | <u>\$ 2,002,515</u> |



**NOTE 4 - CAPITAL ASSETS (Continued)**

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

|                                       | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Adjustments/<br/>Deductions</u> | <u>Ending<br/>Balance</u> |
|---------------------------------------|------------------------------|---------------------|------------------------------------|---------------------------|
| Capital Assets not being depreciated: |                              |                     |                                    |                           |
| Land                                  | \$ 129,860                   | \$ -                | \$ -                               | \$ 129,860                |
| Infrastructure and Land Improvements  | <u>16,632,080</u>            | <u>181,237</u>      | <u>-</u>                           | <u>16,813,317</u>         |
| Subtotal                              | <u>16,761,940</u>            | <u>181,237</u>      | <u>-</u>                           | <u>16,943,177</u>         |
| Capital Assets being depreciated:     |                              |                     |                                    |                           |
| Buildings                             | 2,482,739                    | -                   | -                                  | 2,482,739                 |
| Equipment - Road                      | 7,798,663                    | 865,269             | 247,437                            | 8,416,495                 |
| Equipment - Shop                      | 261,412                      | -                   | -                                  | 261,412                   |
| Equipment - Office                    | 129,476                      | 45,618              | 25,324                             | 149,770                   |
| Equipment - Engineering               | 59,015                       | -                   | -                                  | 59,015                    |
| Equipment – Yard and Storage          | 1,017,299                    | -                   | -                                  | 1,017,299                 |
| Infrastructure - Bridges              | 1,260,447                    | 1,194,761           | 67,389                             | 2,387,819                 |
| Infrastructure – Roads                | <u>22,700,302</u>            | <u>844,521</u>      | <u>862,355</u>                     | <u>22,682,468</u>         |
| Subtotal                              | <u>35,709,353</u>            | <u>2,950,169</u>    | <u>1,202,505</u>                   | <u>37,457,017</u>         |
| Less Accumulated Depreciation         |                              |                     |                                    |                           |
| Buildings                             | 1,270,186                    | 55,304              | -                                  | 1,325,490                 |
| Equipment - Road                      | 5,937,102                    | 718,134             | 247,437                            | 6,407,799                 |
| Equipment - Shop                      | 180,920                      | 10,459              | -                                  | 191,379                   |
| Equipment - Office                    | 91,067                       | 19,283              | 25,324                             | 85,026                    |
| Equipment - Engineering               | 53,922                       | 1,559               | -                                  | 55,481                    |
| Equipment – Yard and Storage          | 937,937                      | 7,885               | -                                  | 945,822                   |
| Infrastructure - Bridges              | 731,568                      | 51,955              | 67,389                             | 716,134                   |
| Infrastructure – Roads                | <u>11,307,480</u>            | <u>1,197,171</u>    | <u>862,355</u>                     | <u>11,642,296</u>         |
| Subtotal                              | <u>20,510,182</u>            | <u>2,061,750</u>    | <u>1,202,505</u>                   | <u>21,369,427</u>         |
| Net Capital Assets - Depreciated      | <u>15,199,171</u>            | <u>888,419</u>      | <u>-</u>                           | <u>16,087,590</u>         |
| Total Net Capital Assets              | <u>\$ 31,961,111</u>         | <u>\$ 1,069,656</u> | <u>\$ -</u>                        | <u>\$ 33,030,767</u>      |

Depreciation expense was charged to the following programs:

|                            |                     |
|----------------------------|---------------------|
| Public Works:              |                     |
| Primary Road               | \$ 574,678          |
| Local Road                 | 674,448             |
| Equipment                  | 718,134             |
| Administrative             | 20,842              |
| Allocated                  | <u>73,648</u>       |
| Total Depreciation Expense | <u>\$ 2,061,750</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<br>Project<br>Income | Nonmajor<br>Governmental | Medical<br>Care<br>Facility | 100%<br>Tax<br>Payment | Total            |
|                       | General   | \$               | 596,360                      | \$ -                     | \$ 504,337                  | \$ -                   | \$ 820,167       |
| Nonmajor Governmental |           | 170,360          | 34,406                       | -                        | 869,375                     | -                      | 1,074,141        |
| Nonmajor Enterprise   |           | 472,674          | -                            | -                        | -                           | -                      | 472,674          |
| <b>Total</b>          | <b>\$</b> | <b>1,239,394</b> | <b>34,406</b>                | <b>504,337</b>           | <b>869,375</b>              | <b>820,167</b>         | <b>3,467,679</b> |

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<br>Balance | Increases        | Decreases         | Ending<br>Balance    | Due<br>Within<br>One Year |
|--|----------------------|------------------|-------------------|----------------------|---------------------------|
| <b>Governmental Activities:</b>  |                      |                  |                   |                      |                           |
| General Obligation Limited Tax Bond<br>Series 2012, (Medical Care Facility Project),<br>Matures in varying annual amounts through<br>2030 and at interest rates ranging from<br>3% to 3.5% | \$ 11,700,000        | \$ -             | \$ 500,000        | \$ 11,200,000        | \$ 550,000                |
| <b>Vested Employee Benefits:</b>   |                      |                  |                   |                      |                           |
| Governmental Activities *  | 211,657              | 51,504           | -                 | 263,161              | -                         |
| Business-type Activities *   | 443,272              | 20,487           | -                 | 463,759              | -                         |
| <b>Total Long-Term Debt</b>  | <b>\$ 12,354,929</b> | <b>\$ 71,991</b> | <b>\$ 500,000</b> | <b>\$ 11,926,920</b> | <b>\$ 550,000</b>         |

\*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>     |
| 2018                        | \$ 550,000                     | \$ 353,375          |
| 2019                        | 550,000                        | 336,875             |
| 2020                        | 600,000                        | 319,625             |
| 2021                        | 600,000                        | 301,625             |
| 2022                        | 650,000                        | 282,875             |
| 2023-2027                   | 4,350,000                      | 1,062,562           |
| 2028-2030                   | <u>3,900,000</u>               | <u>211,000</u>      |
| Total                       | <u>\$ 11,200,000</u>           | <u>\$ 2,867,937</u> |

**Vested Employee Benefits - Accrued Vacation**

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

|                       |           |   |                                   |
|-----------------------|-----------|---|-----------------------------------|
| <b>Earn Vacation:</b> | 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<br/>Balances</u> | <u>Net<br/>Additions<br/>(Reductions)</u> | <u>Ending<br/>Balances</u> |
|--------------------------------|-------------------------------|---|----------------------------|
| Vested Employee Benefits       | \$ 141,096                    | \$ 18,477                                 | \$ 159,573                 |
| Other Post Employment Benefits | <u>324,689</u>                | <u>13,589</u>                             | <u>338,278</u>             |
| Total                          | <u>\$ 465,785</u>             | <u>\$ 32,066</u>                          | <u>\$ 497,851</u>          |

Vested employee benefits are for accumulated personal, sick and vacation days. At December 31, 2017 the total accumulated liability was \$159,573.

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 1<sup>st</sup> 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, 2016.

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](http://www.mersofmich.com).

| 01 – General: Closed                 |                            |
|--------------------------------------|----------------------------|
|                                      | <u>2016 Valuation</u>      |
| <b>Benefit Multiplier:</b>           | 2.50% Multiplier (80% max) |
| <b>Normal Retirement Age:</b>        | 60                         |
| <b>Vesting:</b>                      | 10 Years                   |
| <b>Early Retirement (Unreduced):</b> | -                          |
| <b>Early Retirement (Reduced):</b>   | 50/25<br>55/15             |
| <b>Final Average Compensation:</b>   | 5 years                    |
| <b>COLA for Current Retires:</b>     | 2.50% (Non-Compound)       |
| <b>Employee Contributions</b>        | 0%                         |
| <b>Act 88:</b>                       | Yes (Adopted 11/25/1970)   |

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| <b>04 – MCF: Open division</b>  |   |
|---|---|
|   | <b>2016 Valuation</b>   |
| <b>Benefit Multiplier:</b>  | SVC x (1.20% times<br>FAC<\$4,200, plus 1.70%<br>times FAC>\$4,200) |
| <b>Normal Retirement Age:</b>   | 60  |
| <b>Vesting:</b>   | 10 Years  |
| <b>Early Retirement (Unreduced):</b>  | -   |
| <b>Early Retirement (Reduced):</b>  | 50/25<br>55/15  |
| <b>Final Average Compensation:</b>  | 5 years   |
| <b>COLA for Current Retires:</b>  | 2.50% (Non-Compound)  |
| <b>Employee Contributions</b>   | 2%  |
| <b>Act 88:</b>  | Yes (Adopted 11/25/1970)  |
| <b>10 – General Dial a Ride: Closed to new hires, linked to Division HA</b> |   |
|   | <b>2016 Valuation</b>   |
| <b>Benefit Multiplier:</b>  | 2.50% Multiplier (80% max)  |
| <b>Normal Retirement Age:</b>   | 60  |
| <b>Vesting:</b>   | 10 Years  |
| <b>Early Retirement (Unreduced):</b>  | -   |
| <b>Early Retirement (Reduced):</b>  | 50/25<br>55/15  |
| <b>Final Average Compensation:</b>  | 5 years   |
| <b>COLA for Current Retires</b>   | 2.50% (Non-Compound)  |
| <b>Employee Contributions</b>   | 0%  |
| <b>Act 88:</b>  | Yes (Adopted 11/25/1970)  |
| <b>20 – Sheriff Dept: Closed to new hires, linked to Division HA</b>        |   |
|   | <b>2016 Valuation</b>   |
| <b>Benefit Multiplier:</b>  | 2.50% Multiplier (80% max)  |
| <b>Normal Retirement Age:</b>   | 60  |
| <b>Vesting:</b>   | 10 Years  |
| <b>Early Retirement (Unreduced):</b>  | 55/20   |
| <b>Early Retirement (Reduced):</b>  | 50/25<br>55/15  |
| <b>Final Average Compensation:</b>  | 5 years   |
| <b>Employee Contributions</b>   | 0%  |
| <b>Act 88:</b>  | Yes (Adopted 11/25/1970)  |

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| <b>HA – Shrff &amp; Grnl Dial aft 1/1/14: Open Division, linked to Division 10, 20</b> |                               |
|--|-------------------------------|
|  | <u>2016 Valuation</u>         |
| <b>Benefit Multiplier:</b>   | Hybird Plan – 125% Multiplier |
| <b>Normal Retirement Age:</b>  | 60                            |
| <b>Vesting:</b>  | 6 Years                       |
| <b>Early Retirement (Unreduced):</b>   | -                             |
| <b>Early Retirement (Reduced):</b>   | -                             |
| <b>Final Average Compensation:</b>   | 3 years                       |
| <b>Employee Contributions</b>  | 0%                            |
| <b>Act 88:</b>   | Yes (Adopted 11/25/1970)      |

| <b>HB – General after 01/01/15: Open Division, linked to Division 01</b> |                               |
|--|-------------------------------|
|  | <u>2016 Valuation</u>         |
| <b>Benefit Multiplier:</b>   | Hybird Plan – 125% Multiplier |
| <b>Normal Retirement Age:</b>  | 60                            |
| <b>Vesting:</b>  | 6 Years                       |
| <b>Early Retirement (Unreduced):</b>                                     | -                             |
| <b>Early Retirement (Reduced):</b>                                       | -                             |
| <b>Final Average Compensation:</b>                                       | 3 years                       |
| <b>Employee Contributions</b>  | 0%                            |
| <b>Act 88:</b>   | Yes (Adopted 11/25/1970)      |

Employees Covered by Benefit Terms

At December 31, 2016, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 101        |
| Inactive employees entitled to but not yet receiving benefits    | 35         |
| Active employees   | <u>128</u> |
|  | 264        |

Funding Policy

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

The contribution rate as a percentage of payroll or monthly dollar amount at December 31, 2017 is as follows:

|                                    |          |
|------------------------------------|----------|
| 01 - General                       | \$37,731 |
| 10 - General Dial a Ride           | \$5,980  |
| 20 – Sheriff Department            | \$28,364 |
| HB – Sheriff & General Dial a Ride | 5.63%    |

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2016, 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, 2016 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           | 57.5%             | 5.02%                                  |
| Global Fixed Income     | 20.0%             | 2.18%                                  |
| Real Assets             | 12.5%             | 4.23%                                  |
| Diversifying Strategies | 10.0%             | 6.56%                                  |

*Discount Rate.* The discount rate used to measure the total pension liability was 8.0% in 2016. 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<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| <b>Balances at December 31, 2016</b>              | \$ 27,326,583              | \$ 18,750,623                  | \$ 8,575,960             |
| Service cost                                      | 462,247                    | -                              | 462,247                  |
| Interest on total pension liability               | 2,158,998                  | -                              | 2,158,998                |
| Changes in benefits                               | -                          | -                              | -                        |
| Difference between expected and actual experience | (189,818)                  | -                              | (189,818)                |
| Changes in assumptions                            | -                          | -                              | -                        |
| Employer contributions                            | -                          | 908,394                        | (908,394)                |
| Employee contributions                            | -                          | 13,070                         | (13,070)                 |
| Net investment income                             | -                          | 2,487,439                      | (2,487,439)              |
| Benefit payments, including employee refunds      | (1,140,453)                | (1,140,453)                    | -                        |
| Administrative expense                            | -                          | (39,358)                       | 39,358                   |
| Other changes                                     | (97,808)                   | -                              | (97,808)                 |
| <b>Net changes</b>                                | <b>1,193,166</b>           | <b>2,229,092</b>               | <b>(1,035,926)</b>       |
| <b>Balances as of December 31, 2017</b>           | <b>\$ 28,519,749</b>       | <b>\$ 20,979,715</b>           | <b>\$ 7,540,034</b>      |

*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<br>(7.00%) | Current Discount Rate<br>(8.00%) | 1% Increase<br>(9.00%) |
|--------------------------------|------------------------|----------------------------------|------------------------|
| County's net pension liability | \$10,719,469           | \$7,540,034                      | \$4,828,271            |

*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, 2017, the County recognized pension expense of \$1,382,025. At December 31, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 73,432                                     | \$ -   |
| Changes in assumptions  | 752,119                                       | -  |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | (440,540)                                    |
| <b>Total</b>  | <b>\$ 825,551</b>                             | <b>\$ (440,540)</b>                          |

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<br/>December 31:</u> |            |
|------------------------------------|------------|
| 2018                               | \$ 322,016 |
| 2019                               | 322,016    |
| 2020                               | (21,511)   |
| 2021                               | (237,510)  |

Annual Pension Cost

During the calendar year ended December 31, 2017, the County’s contributions totaled \$908,394 and the employee contributions totaled \$13,070; these contributions are made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2015, 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](http://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, 2016 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    | 33         |
| Active employees   | <u>193</u> |
|  | 314        |

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, 2017, the active employee contribution rate was 2.0% of annual payroll and the Facility's average contribution rate was 8.0% of annual payroll.

Payable to the Pension Plan

At December 31, 2017, the Facility reported a payable of \$69,919 within accounts payable for the outstanding amount of contributions to the plan required for the year ended December 31, 2017.

Net Pension Liability

The net pension liability reported at December 31, 2017 was determined using a measure of the total pension liability and the pension net position as of December 31, 2016. The December 31, 2016 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:

|  | <b>Increases (Decreases)</b>       |  |                                  |
|--|------------------------------------|--|----------------------------------|
|  | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
| <b>Balances at December 31, 2015</b>               | \$ 15,898,316                      | \$ 11,014,100                          | \$ 4,884,216                     |
| Service cost                                       | 562,578                            | -                                      | 562,578                          |
| Interest on total pension liability                | 1,264,568                          | -                                      | 1,264,568                        |
| Differences between expected and actual experience | (230,218)                          | -                                      | (230,218)                        |
| Changes in assumptions                             | -                                  | -                                      | -                                |
| Employer contributions                             | -                                  | 679,675                                | (679,675)                        |
| Employee contributions                             | -                                  | 172,627                                | (172,627)                        |
| Net investment income                              | -                                  | 1,265,898                              | (1,265,898)                      |
| Benefit payments, including employee refunds       | (744,975)                          | (744,975)                              | -                                |
| Administrative expense                             | -                                  | (24,965)                               | 24,965                           |
| <b>Net changes</b>                                 | <b>851,953</b>                     | <b>1,348,260</b>                       | <b>(496,307)</b>                 |
| <b>Balances as of December 31, 2016</b>            | <b>\$ 16,750,269</b>               | <b>\$ 12,362,360</b>                   | <b>\$ 4,387,909</b>              |

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

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

For the year ended December 31, 2017, the Facility recognized pension expense of \$1,060,483. At December 31, 2016, the Facility reported deferred outflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 24,624                                     | \$ (191,848)                                 |
| Changes in assumptions  | 464,167                                       | -  |
| Net difference between projected and actual earnings<br>on pension plan investments | 428,574                                       | -  |
| Contributions subsequent to the measurement date                                    | <u>666,000</u>                                | <u>-</u>                                     |
| Total   | <u>\$ 1,583,365</u>                           | <u>\$ (191,848)</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 \$666,000, which will impact the net pension asset in fiscal year 2017, rather than pension expense.

| <u>Year Ended<br/>December 31:</u> |            |
|------------------------------------|------------|
| 2018                               | \$ 265,448 |
| 2019                               | 265,448    |
| 2020                               | 225,457    |
| 2021                               | 7,534      |
| 2022                               | (38,370)   |

*Actuarial Assumptions.* The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

**NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

The actuarial assumptions used in the December 31, 2016 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, 2016, the measurement date, for each major asset class are summarized in the following table:

| Asset Class             | Target Allocation | Long-Term Expected Real Rate of Return |
|-------------------------|-------------------|--|
| Global Equity           | 58.0%             | 5.02%                                  |
| Global Fixed Income     | 20.0%             | 2.18%                                  |
| Real Assets             | 12.0%             | 4.23%                                  |
| Diversifying Strategies | 10.0%             | 6.56%                                  |

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:

|                             | <b>1% Decrease<br/>(7.00%)</b> | <b>Current Discount Rate<br/>(8.00%)</b> | <b>1% Increase<br/>(9.00%)</b> |
|-----------------------------|--------------------------------|--|--------------------------------|
| MCF's net pension liability | \$6,529,476                    | \$4,387,909                              | \$2,592,121                    |

**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, 2016.

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](http://www.mersofmich.com).

| <b>01 – Gen Union: Open Division</b> |                              |
|--------------------------------------|------------------------------|
|                                      | <u><b>2016 Valuation</b></u> |
| <b>Benefit Multiplier:</b>           | 2.50% Multiplier (80% max)   |
| <b>Normal Retirement Age:</b>        | 60                           |
| <b>Vesting:</b>                      | 10 Years                     |
| <b>Early Retirement (Unreduced):</b> | 55/30                        |
| <b>Early Retirement (Reduced):</b>   | 50/25                        |
|                                      | 55/15                        |
| <b>Final Average Compensation:</b>   | 5 years                      |
| <b>Employee Contributions</b>        | 0%                           |
| <b>RS50% Percentage:</b>             | 50%                          |
| <b>Act 88:</b>                       | No                           |

NOTE 7 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| 10 – Gen NonUnion: Open Division     |                            |
|--------------------------------------|----------------------------|
|                                      | <u>2016 Valuation</u>      |
| <b>Benefit Multiplier:</b>           | 2.50% Multiplier (80% max) |
| <b>Normal Retirement Age:</b>        | 60                         |
| <b>Vesting:</b>                      | 10 Years                   |
| <b>Early Retirement (Unreduced):</b> | 55/30                      |
| <b>Early Retirement (Reduced):</b>   | 50/25                      |
|                                      | 55/15                      |
| <b>Final Average Compensation:</b>   | 3 years                    |
| <b>Employee Contributions</b>        | 0%                         |
| <b>RS50% Percentage:</b>             | 50%                        |
| <b>Act 88:</b>                       | No                         |

Employees Covered by Benefit Terms

At December 31, 2016, the following employees were covered by the benefit terms:

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 41        |
| Inactive employees entitled to but not yet receiving benefits    | 2         |
| Active employees   | <u>34</u> |
|  | 77        |

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 39.08% and 44.97% of payroll for union and nonunion employees, respectively.

Net Pension Liability

The Road Commission’s net pension liability was measured as of December 31, 2016, 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, 2016 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           | 57.5%             | 5.02%                                  |
| Global Fixed Income     | 20.0%             | 2.18%                                  |
| Real Assets             | 12.5%             | 4.23%                                  |
| Diversifying Strategies | 10.0%             | 6.56%                                  |

*Discount Rate.* The discount rate used to measure the total pension liability was 8.0% for 2016. 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<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| <b>Balances at December 31, 2016</b>              | \$ 13,274,395              | \$ 6,400,879                   | \$ 6,873,516             |
| Service cost                                      | 165,238                    | -                              | 165,238                  |
| Interest on total pension liability               | 1,036,197                  | -                              | 1,036,197                |
| Changes in benefits                               | -                          | -                              | -                        |
| Difference between expected and actual experience | 248,105                    | -                              | 248,105                  |
| Changes in assumptions                            | -                          | -                              | -                        |
| Employer contributions                            | -                          | 795,116                        | (795,116)                |
| Employee contributions                            | -                          | 15,608                         | (15,608)                 |
| Net investment income                             | -                          | 848,217                        | (848,217)                |
| Benefit payments, including employee refunds      | (809,097)                  | (809,097)                      | -                        |
| Administrative expense                            | -                          | (13,409)                       | 13,409                   |
| Other changes                                     | (31,884)                   | -                              | (31,884)                 |
| <b>Net changes</b>                                | <b>608,559</b>             | <b>836,435</b>                 | <b>(227,876)</b>         |
| <b>Balances as of December 31, 2017</b>           | <b>\$ 13,882,954</b>       | <b>\$ 7,237,314</b>            | <b>\$ 6,645,640</b>      |

*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<br>(7.00%) | Current Discount Rate<br>(8.00%) | 1% Increase<br>(9.00%) |
|---|------------------------|----------------------------------|------------------------|
| Road Commission's net pension liability as of 12/31/2017: | \$8,096,998            | \$6,645,640                      | \$5,402,232            |

*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, 2017, the Road Commission recognized pension expense of \$837,352. At December 31, 2017, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 71,313                                     | \$ -   |
| Changes in assumptions  | 294,826                                       | -  |
| Net difference between projected and actual earnings<br>on pension plan investments | -   | 143,577                                      |
| <b>Total</b>  | <b>\$ 366,139</b>                             | <b>\$ 143,577</b>                            |

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<br/>December 31:</u> |    |          |
|------------------------------------|----|----------|
| 2018                               | \$ | 165,992  |
| 2019                               |    | 165,992  |
| 2020                               |    | (42,097) |
| 2021                               |    | (67,325) |

Annual Pension Costs – For the year ended December 31, 2017, the Antrim County Road Commission’s pension cost of \$617,664 for the plan was equal to the required contribution. The annual contribution was determined as part of an actuarial valuation as of December 31, 2015, 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 POST EMPLOYMENT BENEFITS**

*Primary Government*

Plan Description

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

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

|                                       |                   |
|---------------------------------------|-------------------|
| Annual Cost for OPEB                  |                   |
| Annual Required Contribution          | \$ 58,838         |
| Interest on net OPEB Obligation       | <u>5,978</u>      |
| Annual OPEB Cost                      | 64,816            |
| Contributions Made – Current Year     | <u>(8,000)</u>    |
| <br>                                  |                   |
| Increase in Net OPEB Obligation       | 56,816            |
| Net OPEB Obligation Beginning of Year | <u>239,121</u>    |
| <br>                                  |                   |
| Net OPEB Obligation End of Year       | <u>\$ 295,937</u> |

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

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2015, 2016 and 2017 are as follows:

| <u>Fiscal Year End</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------|-------------------------|---|----------------------------|
| 2015                   | \$ 37,984               | 26.3%   | \$ 212,337                 |
| 2016                   | \$ 37,984               | 29.5%   | \$ 239,121                 |
| 2017                   | \$ 64,816               | 12.3%   | \$ 295,937                 |

*Funding Policy, Funded Status, and Funding Progress.* The County contributes \$200 per month toward the retiree and/or surviving spouse’s health insurance for a period of ten years, or until eligible for Medicare, whichever occurs first. For fiscal year 2017 the County contributed \$8,000 to the Plan.

As of December 31, 2017, the actuarial accrued liability for benefits was \$464,373 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was not available, and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was unable to be calculated.

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

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

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

*Assumptions About Healthcare Costs:* The 2017 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums was not a factor because the plan is set at a \$200 per month payment.

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

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

***Road Commission – Component Unit***

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

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

|                                       |                   |
|---------------------------------------|-------------------|
| Annual required contribution          | \$ 102,775        |
| Interest on net OPEB obligation       | 17,858            |
| Adjustment to ARC                     | <u>(15,244)</u>   |
| Annual OPEB cost                      | 105,389           |
| Contributions made                    | <u>(91,800)</u>   |
| Increase in net OPEB obligation       | 13,589            |
| Net OPEB obligation beginning of year | <u>324,689</u>    |
| Net OPEB obligation end of year       | <u>\$ 338,278</u> |

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

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

| <u>Fiscal Year End</u> | <u>Annual OPEB Cost</u> | <u>Percentage of Annual OPEB Cost Contributed</u> | <u>Net OPEB Obligation</u> |
|------------------------|-------------------------|---|----------------------------|
| 2015                   | \$ 111,860              | 105%  | \$ 304,003                 |
| 2016                   | \$ 111,683              | 82%   | \$ 324,689                 |
| 2017                   | \$ 105,389              | 87%   | \$ 338,278                 |

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

*Funded Status and Funding Progress:* As of December 31, 2017, the actuarial accrued liability for benefits of \$1,864,941 was not funded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,442,313 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 129%.

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

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

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

*Assumptions About Healthcare Costs:* The 2017 health plan fixed payments for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums – Health Care Cost Trend Rate – was zero percent.

*Other Assumptions and Methods:* The inflation rate was assumed to be 2.5% and the discount rate was 3.15%. The value of the Plan assets was set at zero. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

**NOTE 10 - RISK MANAGEMENT/SELF-INSURANCE PROGRAMS**

Primary Government

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

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

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

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

Workers' Compensation

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

At December 31, 2017, there were no claims that exceeded insurance coverage. The County had no significant reduction in insurance coverage from previous years.

Antrim County Transportation

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

Meadow Brook Medical Care Facility

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

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



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

Component Unit – Road Commission

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

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

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

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

**NOTE 11 - SUBSEQUENT EVENTS**

During January 2018, the Road Commission executed equipment purchases in the amount of \$313,000.

## **Required Supplementary Information**

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# County of Antrim, Michigan

## Employee Retirement System Schedule of Funding Progress For the Year Ended December 31, 2017

|   | 2015                        | 2016                        | 2017                        |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Total pension liability</b>  |                             |                             |                             |
| Service cost  | \$ 463,968                  | \$ 440,524                  | \$ 462,247                  |
| Interest on total pension liability   | 1,889,077                   | 1,989,010                   | 2,158,998                   |
| Difference between expected and actual experience                                 | -                           | 375,478                     | (189,818)                   |
| Changes in assumptions  | -                           | 1,253,533                   | -                           |
| Benefit payments, including refund of member contributions                        | (1,083,414)                 | (1,127,570)                 | (1,140,453)                 |
| Other changes   | (24,519)                    | (57,133)                    | (97,808)                    |
| <b>Net change in total pension liability</b>                                      | 1,245,112                   | 2,873,842                   | 1,193,166                   |
| <b>Total pension liability - beginning</b>  | <u>23,207,629</u>           | <u>24,452,741</u>           | <u>27,326,583</u>           |
| <b>Total pension liability - ending</b>   | <u><u>\$ 24,452,741</u></u> | <u><u>\$ 27,326,583</u></u> | <u><u>\$ 28,519,749</u></u> |
| <b>Plan fiduciary net position</b>  |                             |                             |                             |
| Contributions - employer  | \$ 772,906                  | \$ 809,507                  | \$ 908,394                  |
| Contributions - employee  | 60,158                      | -                           | 13,070                      |
| Net investment income   | (268,099)                   | 1,949,798                   | 2,487,439                   |
| Benefit payments, including refunds of member contributions                       | (1,083,414)                 | (1,127,570)                 | (1,140,453)                 |
| Administrative expense  | (38,860)                    | (38,484)                    | (39,358)                    |
| <b>Net change in plan fiduciary net position</b>                                  | (557,309)                   | 1,593,251                   | 2,229,092                   |
| <b>Plan fiduciary net position - beginning</b>                                    | <u>17,714,681</u>           | <u>17,157,372</u>           | <u>18,750,623</u>           |
| <b>Plan fiduciary net position - ending</b>                                       | <u><u>\$ 17,157,372</u></u> | <u><u>\$ 18,750,623</u></u> | <u><u>\$ 20,979,715</u></u> |
| <b>County's net pension liability - ending</b>                                    | <u><u>\$ 7,295,369</u></u>  | <u><u>\$ 8,575,960</u></u>  | <u><u>\$ 7,540,034</u></u>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 70%                         | 69%                         | 74%                         |
| <b>Covered - employee payroll</b>   | \$ 5,107,757                | \$ 5,122,267                | \$ 5,303,672                |
| <b>County's net pension liability as a percentage of covered-employee payroll</b> | 143%                        | 167%                        | 142%                        |

**Employee Retirement System  
Schedule of Funding Progress  
For the Year Ended December 31, 2017**

|  | 2015         | 2016         | 2017         |
|--|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 772,906   | \$ 809,507   | \$ 908,394   |
| Contributions in relation to the actuarially determined contribution | (772,906)    | (809,507)    | (908,394)    |
| Contribution deficiency (excess)                                     | \$ -         | \$ -         | \$ -         |
| Covered - employee payroll   | \$ 5,107,757 | \$ 5,122,267 | \$ 5,303,672 |
| Contributions as a percentage of covered-employee payroll            | 15%          | 16%          | 17%          |

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

|                               |  |
|-------------------------------|--|
| Actuarial cost method         | Entry age  |
| Amortization method           | Level percentage of payroll, closed  |
| Remaining amortization period | 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   |

**Health Plan:**

| Actuarial<br>Valuation<br>Date   | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Liability<br>(AAL) -<br>Entry Age<br>(b) | Unfunded<br>AAL<br>(UAAL)<br>(b - a) | Funded<br>Ratio<br>(a / b) | Covered<br>Payroll<br>(c) | UAAL as a<br>Percent of<br>Covered<br>Payroll<br>((b - a) / c) |
|----------------------------------|--|---|--------------------------------------|----------------------------|---------------------------|--|
| <b><i>Primary Government</i></b> |  |   |                                      |                            |                           |  |
| 2010                             | \$                                     | - \$ 272,090  | \$ 272,090                           | 0.0%                       | Not Available             | -  |
| 2013                             | \$                                     | - \$ 325,198  | \$ 325,198                           | 0.0%                       | Not Available             | -  |
| 2017                             | \$                                     | - \$ 464,373  | \$ 464,373                           | 0.0%                       | Not Available             | -  |
| <b><i>Road Commission</i></b>    |  |   |                                      |                            |                           |  |
| 2013                             | \$                                     | - \$ 978,361  | \$ 978,361                           | 0.0%                       | Not Available             | -  |
| 2014                             | \$                                     | - \$ 939,006  | \$ 939,006                           | 0.0%                       | \$ 1,288,049              | 73%  |
| 2017                             | \$                                     | - \$ 1,864,941  | \$ 1,864,941                         | 0.0%                       | \$ 1,442,313              | 129%   |

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2017**

|  | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------|---|
|  | Original          | Final             |                   |   |
| <b>REVENUES:</b>                       |                   |                   |                   |   |
| Taxes and Penalties                    | \$ 9,559,887      | \$ 9,621,743      | \$ 9,834,404      | \$ 212,661  |
| Licenses and Permits                   | 189,500           | 253,758           | 249,339           | (4,419)   |
| Federal Sources                        | 65,338            | 65,338            | 48,582            | (16,756)  |
| State Sources                          | 632,995           | 632,995           | 654,420           | 21,425  |
| Charges for Services                   | 1,047,970         | 1,228,731         | 1,232,473         | 3,742   |
| Fines and Forfeits                     | 2,000             | 2,000             | 2,450             | 450   |
| Interest and Rents                     | 244,838           | 275,619           | 282,185           | 6,566   |
| Other Revenues                         | 256,223           | 379,509           | 394,698           | 15,189  |
| <b>TOTAL REVENUES</b>                  | <b>11,998,751</b> | <b>12,459,693</b> | <b>12,698,551</b> | <b>238,858</b>  |
| <b>EXPENDITURES:</b>                   |                   |                   |                   |   |
| <b>Legislative:</b>                    |                   |                   |                   |   |
| Board of Commissioners                 | 302,131           | 302,131           | 276,525           | 25,606  |
| <b>Total Legislative</b>               | <b>302,131</b>    | <b>302,131</b>    | <b>276,525</b>    | <b>25,606</b>   |
| <b>Judicial:</b>                       |                   |                   |                   |   |
| Circuit Court                          | 359,910           | 359,910           | 296,264           | 63,646  |
| Family Court                           | 515,418           | 532,428           | 468,123           | 64,305  |
| Family Court Detention Service         | 12,000            | 22,700            | 19,988            | 2,712   |
| Circuit Court Probation                | 3,000             | 3,000             | 2,020             | 980   |
| District Court                         | 679,027           | 680,019           | 514,808           | 165,211   |
| Friend of the Court                    | 78,374            | 78,374            | 38,920            | 39,454  |
| Probate Court                          | 315,853           | 318,338           | 298,626           | 19,712  |
| Jury Commission                        | 3,240             | 3,240             | 2,707             | 533   |
| <b>Total Judicial</b>                  | <b>1,966,822</b>  | <b>1,998,009</b>  | <b>1,641,456</b>  | <b>356,553</b>  |
| <b>General Government:</b>             |                   |                   |                   |   |
| County Administrator                   | 265,781           | 274,200           | 262,739           | 11,461  |
| Accountant                             | 81,144            | 85,715            | 79,037            | 6,678   |
| Budget                                 | 89,670            | 89,670            | 75,349            | 14,321  |
| Clerk                                  | 377,595           | 394,266           | 384,007           | 10,259  |
| Communications Department              | 99,862            | 90,790            | 74,605            | 16,185  |
| Computer                               | 205,249           | 206,442           | 182,639           | 23,803  |
| Grass River                            | 40,700            | 47,340            | 44,291            | 3,049   |
| GIS Implementation                     | 2,900             | 5,045             | 4,273             | 772   |
| Purchasing                             | 25,230            | 25,230            | 20,593            | 4,637   |
| Treasurer                              | 261,739           | 267,893           | 243,231           | 24,662  |
| Equalization                           | 283,861           | 273,334           | 261,477           | 11,857  |
| MSU Extension                          | 164,616           | 168,824           | 166,756           | 2,068   |
| Elections                              | 59,311            | 95,311            | 35,403            | 59,908  |
| Grove Street Anex                      | 12,300            | 12,300            | 10,801            | 1,499   |
| Courthouse                             | 117,632           | 125,777           | 122,402           | 3,375   |
| County Building and Grounds            | 514,902           | 531,656           | 445,270           | 86,386  |
| Prosecuting Attorney                   | 559,256           | 569,857           | 546,222           | 23,635  |
| Register of Deeds                      | 216,296           | 219,042           | 209,287           | 9,755   |
| Microfilm                              | 9,750             | 9,750             | 5,370             | 4,380   |
| Victims' Rights                        | 54,690            | 51,928            | 26,384            | 25,544  |
| Prosecuting Attorney Child Support IVD | 26,891            | 30,296            | 24,740            | 5,556   |
| Drain Commissioner                     | 594               | 607               | 594               | 13  |
| Abstract                               | 160,876           | 165,199           | 158,486           | 6,713   |
| Survey and Remonumentation             | 31,350            | 35,450            | 35,410            | 40  |
| <b>Total General Government</b>        | <b>3,662,195</b>  | <b>3,775,922</b>  | <b>3,419,366</b>  | <b>356,556</b>  |

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2017**

|   | Budgeted Amounts  |                   | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------|---|
|   | Original          | Final             |                   |   |
| <b>Public Safety:</b>                           |                   |                   |                   |   |
| Sheriff   | 3,314,279         | 3,385,674         | 3,247,247         | 138,427   |
| Marine Safety                                   | 127,565           | 132,519           | 109,289           | 23,230  |
| Secondary Road Patrol                           | 55,453            | 55,453            | 46,321            | 9,132   |
| Jail  | 416,399           | 416,399           | 349,862           | 66,537  |
| Zero Tolerance                                  | 75,421            | 76,317            | 65,986            | 10,331  |
| Emergency Services                              | 75,140            | 82,829            | 78,336            | 4,493   |
| Animal Control                                  | 194,481           | 194,481           | 165,677           | 28,804  |
| <b>Total Public Safety</b>                      | <b>4,258,738</b>  | <b>4,343,672</b>  | <b>4,062,718</b>  | <b>280,954</b>  |
| <b>Public Works:</b>                            |                   |                   |                   |   |
| Dams  | 66,618            | 66,243            | 60,891            | 5,352   |
| <b>Health and Welfare:</b>                      |                   |                   |                   |   |
| Health Department/Mental Health                 | 492,641           | 501,826           | 495,861           | 5,965   |
| Medical Examiner                                | 23,850            | 24,177            | 20,940            | 3,237   |
| Agency on Aging                                 | 3,161             | 3,161             | 2,549             | 612   |
| Welfare   | 20,296            | 20,878            | 17,261            | 3,617   |
| Housing   | 2,327             | 2,602             | 2,482             | 120   |
| Veterans' Affairs                               | 103,022           | 109,886           | 105,802           | 4,084   |
| County Wide Recycle                             | 321,150           | 321,150           | 317,000           | 4,150   |
| Soldiers Relief                                 | 31,000            | 31,000            | 20,017            | 10,983  |
| <b>Total Health and Welfare</b>                 | <b>997,447</b>    | <b>1,014,680</b>  | <b>981,912</b>    | <b>32,768</b>   |
| <b>Community and Economic Development:</b>      |                   |                   |                   |   |
| Resource Recovery                               | 26,054            | 42,754            | 41,953            | 801   |
| Planning Commission                             | 6,300             | 6,300             | 4,610             | 1,690   |
| Planner/Coordinator                             | 71,292            | 75,230            | 67,901            | 7,329   |
| EDC   | 7,130             | 7,130             | 3,093             | 4,037   |
| <b>Total Community and Economic Development</b> | <b>110,776</b>    | <b>131,414</b>    | <b>117,557</b>    | <b>13,857</b>   |
| <b>Recreation and Culture:</b>                  |                   |                   |                   |   |
| Parks Commission                                | 2,200             | 2,200             | 2,070             | 130   |
| Parks   | 265,834           | 278,187           | 251,324           | 26,863  |
| Parks - Antrim Creek                            | 17,101            | 17,266            | 12,852            | 4,414   |
| <b>Total Recreation and Culture</b>             | <b>285,135</b>    | <b>297,653</b>    | <b>266,246</b>    | <b>31,407</b>   |
| <b>Capital Outlay</b>                           | <b>393,509</b>    | <b>1,116,609</b>  | <b>871,618</b>    | <b>244,991</b>  |
| <b>Other:</b>                                   |                   |                   |                   |   |
| Appropriations                                  | 301,094           | 301,094           | 301,040           | 54  |
| Other   | 366,505           | 171,939           | 212,617           | (40,678)  |
| Insurance and Fringes                           | 390,000           | 405,503           | 360,560           | 44,943  |
| <b>Total Other</b>                              | <b>1,057,599</b>  | <b>878,536</b>    | <b>874,217</b>    | <b>4,319</b>  |
| <b>TOTAL EXPENDITURES</b>                       | <b>13,100,970</b> | <b>13,924,869</b> | <b>12,572,506</b> | <b>1,352,363</b>  |

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Funds  
For the Year Ended December 31, 2017**

|  | Budgeted Amounts    |                     | Actual<br>Amounts    | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|----------------------|---|
|  | Original            | Final               |                      |   |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES  | (1,102,219)         | (1,465,176)         | 126,045              | 1,591,221   |
| OTHER FINANCING SOURCES (USES):  |                     |                     |                      |   |
| Operating Transfers In   | 1,290,144           | 1,919,887           | 1,920,864            | 977   |
| Operating Transfers Out  | (1,058,995)         | (1,239,932)         | (1,239,394)          | 538   |
| TOTAL OTHER FINANCING SOURCES (USES):  | 231,149             | 679,955             | 681,470              | 1,515   |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>FINANCING SOURCES OVER EXPENDITURES<br>AND OTHER FINANCING USES | <u>\$ (871,070)</u> | <u>\$ (785,221)</u> | 807,515              | <u>\$ (1,592,736)</u>                                     |
| FUND BALANCES, JANUARY 1   |                     |                     | 11,742,546           |   |
| FUND BALANCES, DECEMBER 31   |                     |                     | <u>\$ 12,550,061</u> |   |



**Required Supplementary Information  
Budgetary Comparison Schedule  
Services for Aged  
For the Year Ended December 31, 2017**

|  | Budgeted Amounts |                    | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|--------------------|-------------------|---|
|  | Original         | Final              |                   |   |
| REVENUES:  |                  |                    |                   |   |
| Taxes  | \$ 694,640       | \$ 694,640         | \$ 699,621        | \$ 4,981  |
| Federal Sources  | 35,885           | 35,885             | 18,762            | (17,123)  |
| State Sources  | 179,121          | 179,121            | 183,164           | 4,043   |
| Charges for Services                                   | 132,950          | 139,950            | 154,228           | 14,278  |
| Interest and Rents                                     | 3,375            | 3,375              | 6,626             | 3,251   |
| Other Revenue  | 14,500           | 14,500             | 16,312            | 1,812   |
| <b>TOTAL REVENUES</b>                                  | <b>1,060,471</b> | <b>1,067,471</b>   | <b>1,078,713</b>  | <b>11,242</b>   |
| EXPENDITURES:  |                  |                    |                   |   |
| Health and Welfare                                     | 1,060,471        | 1,144,964          | 938,037           | 206,927   |
| <b>TOTAL EXPENDITURES</b>                              | <b>1,060,471</b> | <b>1,144,964</b>   | <b>938,037</b>    | <b>206,927</b>  |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER (EXPENDITURES) | <u>\$ -</u>      | <u>\$ (77,493)</u> | 140,676           | <u>\$ 218,169</u>   |
| FUND BALANCE - BEGINNING OF YEAR                       |                  |                    | <u>560,631</u>    |   |
| FUND BALANCE - END OF YEAR                             |                  |                    | <u>\$ 701,307</u> |   |

**Required Supplementary Information  
Budgetary Comparison Schedule  
Housing Project Income  
For the Year Ended December 31, 2017**

|  | <u>Budgeted Amounts</u> |                    | <u>Actual<br/>Amounts</u> | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------------|--------------------|---------------------------|---|
|  | <u>Original</u>         | <u>Final</u>       |                           |   |
| REVENUES:  |                         |                    |                           |   |
| Interest and Rents   | \$ 3,630                | \$ 3,630           | \$ 2,800                  | \$ (830)  |
| Other Revenue  | 35,000                  | 35,000             | 49,622                    | 14,622  |
|  | <u>38,630</u>           | <u>38,630</u>      | <u>52,422</u>             | <u>13,792</u>   |
| TOTAL REVENUES   |                         |                    |                           |   |
| OTHER FINANCING SOURCES (USES):  |                         |                    |                           |   |
| Operating Transfers Out  | -                       | (70,000)           | (34,406)                  | 35,594  |
|  |                         |                    |                           |   |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>FINANCING SOURCES OVER EXPENDITURES<br>AND OTHER FINANCING USES | <u>\$ 38,630</u>        | <u>\$ (31,370)</u> | 18,016                    | <u>\$ 49,386</u>  |
|  |                         |                    |                           |   |
| FUND BALANCE - BEGINNING OF YEAR   |                         |                    | <u>32,037</u>             |   |
|  |                         |                    |                           |   |
| FUND BALANCE - END OF YEAR   |                         |                    | <u>\$ 50,053</u>          |   |

**Required Supplementary Information  
Budgetary Comparison Schedule  
E-911 Operating  
For the Year Ended December 31, 2017**

|  | Budgeted Amounts    |                     | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|---------------------|-------------------|---|
|  | Original            | Final               |                   |   |
| REVENUES:  |                     |                     |                   |   |
| Taxes  | \$ 866,512          | \$ 866,512          | \$ 874,552        | \$ 8,040  |
| Charges for Services                                   | 1,000               | 1,000               | 1,000             | -   |
| Interest and Rents                                     | -                   | -                   | 6,525             | 6,525   |
| Other Revenue  | -                   | -                   | 1,181             | 1,181   |
| <b>TOTAL REVENUES</b>                                  | <b>867,512</b>      | <b>867,512</b>      | <b>883,258</b>    | <b>15,746</b>   |
| EXPENDITURES   |                     |                     |                   |   |
| Public Safety  | 837,378             | 842,378             | 665,828           | 176,550   |
| Capital Outlay   | 440,000             | 465,000             | 68,769            | 396,231   |
| <b>TOTAL EXPENDITURES</b>                              | <b>1,277,378</b>    | <b>1,307,378</b>    | <b>734,597</b>    | <b>572,781</b>  |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER (EXPENDITURES) | <u>\$ (409,866)</u> | <u>\$ (439,866)</u> | 148,661           | <u>\$ 588,527</u>   |
| FUND BALANCE - BEGINNING OF YEAR                       |                     |                     | <u>795,579</u>    |   |
| FUND BALANCE - END OF YEAR                             |                     |                     | <u>\$ 944,240</u> |   |

## **Other Information**

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**Combining Balance Sheet  
General Funds  
December 31, 2017**

|   | General              | Capital<br>Outlay<br>Reserve | Dams<br>Reserve   | Grant<br>Match<br>Reserve | Antrim<br>Conservation<br>District<br>Reserve | Special<br>Projects<br>Reserve | Information<br>Technology<br>Transition | Grass River       |
|---|----------------------|------------------------------|-------------------|---------------------------|---|--------------------------------|---|-------------------|
| <b>ASSETS:</b>  |                      |                              |                   |                           |   |                                |   |                   |
| Cash and Equivalents  | \$ 9,736,039         | \$ 108,128                   | \$ 576,311        | \$ 88,372                 | \$ 16,930                                     | \$ 263,896                     | \$ 64,803                               | \$ 78,494         |
| Receivables:  |                      |                              |                   |                           |   |                                |   |                   |
| Taxes   | 778,350              | -                            | -                 | -                         | -   | -                              | -                                       | -                 |
| Accounts  | 58,099               | -                            | -                 | -                         | -   | -                              | -                                       | -                 |
| Prepaid Items   | -                    | -                            | -                 | -                         | -   | -                              | -                                       | 76,381            |
| Due From Other Governmental Units   | 211,178              | -                            | -                 | -                         | -   | -                              | -                                       | -                 |
| <b>TOTAL ASSETS</b>   | <b>\$ 10,783,666</b> | <b>\$ 108,128</b>            | <b>\$ 576,311</b> | <b>\$ 88,372</b>          | <b>\$ 16,930</b>                              | <b>\$ 263,896</b>              | <b>\$ 64,803</b>                        | <b>\$ 154,875</b> |
| <b>LIABILITIES:</b>   |                      |                              |                   |                           |   |                                |   |                   |
| Accounts Payable  | \$ 524,751           | \$ -                         | \$ -              | \$ -                      | \$ -  | \$ -                           | \$ -                                    | \$ 1,990          |
| Accrued Liabilities   | 188,532              | -                            | -                 | -                         | -   | -                              | -                                       | -                 |
| <b>TOTAL LIABILITIES</b>  | <b>713,283</b>       | <b>-</b>                     | <b>-</b>          | <b>-</b>                  | <b>-</b>                                      | <b>-</b>                       | <b>-</b>                                | <b>1,990</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                      |                              |                   |                           |   |                                |   |                   |
| Taxes Levied for a Subsequent Period                                      | -                    | -                            | -                 | -                         | -   | -                              | -                                       | -                 |
| <b>FUND BALANCES:</b>   |                      |                              |                   |                           |   |                                |   |                   |
| Nonspendable  | -                    | -                            | -                 | -                         | -   | -                              | -                                       | 76,381            |
| Committed   | -                    | -                            | -                 | -                         | -   | -                              | -                                       | 76,504            |
| Assigned  | -                    | 108,128                      | 576,311           | 88,372                    | 16,930  | 263,896                        | 64,803                                  | -                 |
| Unassigned  | 10,070,383           | -                            | -                 | -                         | -   | -                              | -                                       | -                 |
| <b>TOTAL FUND BALANCES</b>  | <b>10,070,383</b>    | <b>108,128</b>               | <b>576,311</b>    | <b>88,372</b>             | <b>16,930</b>                                 | <b>263,896</b>                 | <b>64,803</b>                           | <b>152,885</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 10,783,666</b> | <b>\$ 108,128</b>            | <b>\$ 576,311</b> | <b>\$ 88,372</b>          | <b>\$ 16,930</b>                              | <b>\$ 263,896</b>              | <b>\$ 64,803</b>                        | <b>\$ 154,875</b> |

**Combining Balance Sheet  
General Funds  
December 31, 2017**

|   | County-Wide<br>Recycling | Park Fund<br>Raiser | GIS<br>Implementation | Budget<br>Stabilization | Clean Lakes<br>Grant | Soldier's<br>Relief | Self-Insured<br>Reserve | Capital<br>Project<br>Building &<br>Structures | Totals               |
|---|--------------------------|---------------------|-----------------------|-------------------------|----------------------|---------------------|-------------------------|--|----------------------|
| <b>ASSETS:</b>  |                          |                     |                       |                         |                      |                     |                         |  |                      |
| Cash and Equivalents  | \$ 66,109                | \$ 9,106            | \$ 12,445             | \$ 618,580              | \$ 7,841             | \$ 30,380           | \$ 281,777              | \$ 184,145                                     | \$ 12,143,356        |
| Receivables:  |                          |                     |                       |                         |                      |                     |                         |  |                      |
| Taxes   | 328,041                  | -                   | -                     | -                       | -                    | -                   | -                       | -  | 1,106,391            |
| Accounts  | -                        | -                   | 40                    | -                       | -                    | -                   | -                       | -  | 58,139               |
| Prepaid Items   | -                        | -                   | -                     | -                       | -                    | -                   | -                       | -  | 76,381               |
| Due From Other Governmental Units   | -                        | -                   | -                     | -                       | -                    | -                   | -                       | -  | 211,178              |
| <b>TOTAL ASSETS</b>   | <b>\$ 394,150</b>        | <b>\$ 9,106</b>     | <b>\$ 12,485</b>      | <b>\$ 618,580</b>       | <b>\$ 7,841</b>      | <b>\$ 30,380</b>    | <b>\$ 281,777</b>       | <b>\$ 184,145</b>                              | <b>\$ 13,595,445</b> |
| <b>LIABILITIES:</b>   |                          |                     |                       |                         |                      |                     |                         |  |                      |
| Accounts Payable  | \$ -                     | \$ 2,070            | \$ -                  | \$ -                    | \$ -                 | \$ -                | \$ -                    | \$ -   | \$ 528,811           |
| Accrued Liabilities   | -                        | -                   | -                     | -                       | -                    | -                   | -                       | -  | 188,532              |
| <b>TOTAL LIABILITIES</b>  | <b>-</b>                 | <b>2,070</b>        | <b>-</b>              | <b>-</b>                | <b>-</b>             | <b>-</b>            | <b>-</b>                | <b>-</b>                                       | <b>717,343</b>       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                          |                     |                       |                         |                      |                     |                         |  |                      |
| Taxes Levied for a Subsequent Period                                      | 328,041                  | -                   | -                     | -                       | -                    | -                   | -                       | -  | 328,041              |
| <b>FUND BALANCES:</b>   |                          |                     |                       |                         |                      |                     |                         |  |                      |
| Nonspendable  | -                        | -                   | -                     | -                       | -                    | -                   | -                       | -  | 76,381               |
| Committed   | 66,109                   | -                   | -                     | -                       | -                    | -                   | -                       | 184,145  | 326,758              |
| Assigned  | -                        | -                   | 12,485                | -                       | -                    | 30,380              | -                       | -  | 1,161,305            |
| Unassigned  | -                        | 7,036               | -                     | 618,580                 | 7,841                | -                   | 281,777                 | -  | 10,985,617           |
| <b>TOTAL FUND BALANCES</b>  | <b>66,109</b>            | <b>7,036</b>        | <b>12,485</b>         | <b>618,580</b>          | <b>7,841</b>         | <b>30,380</b>       | <b>281,777</b>          | <b>184,145</b>                                 | <b>12,550,061</b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b>\$ 394,150</b>        | <b>\$ 9,106</b>     | <b>\$ 12,485</b>      | <b>\$ 618,580</b>       | <b>\$ 7,841</b>      | <b>\$ 30,380</b>    | <b>\$ 281,777</b>       | <b>\$ 184,145</b>                              | <b>\$ 13,595,445</b> |

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
General Funds  
For the Year Ended December 31, 2017**

|  | General              | Capital<br>Outlay<br>Reserve | Dams<br>Reserve   | Grant Match<br>Reserve | Antrim<br>Conservation<br>District<br>Reserve | Special<br>Projects<br>Reserve | Information<br>Technology<br>Transition | Grass River       |
|--|----------------------|------------------------------|-------------------|------------------------|---|--------------------------------|---|-------------------|
| <b>REVENUES:</b>   |                      |                              |                   |                        |   |                                |   |                   |
| Taxes  | \$ 9,834,404         | \$ -                         | \$ -              | \$ -                   | \$ -  | \$ -                           | \$ -                                    | \$ -              |
| Licenses and Permits   | 249,339              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Federal Sources  | 48,582               | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| State Sources  | 654,420              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Charges for Services   | 1,231,764            | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Fines and Forfeitures  | 2,450                | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Interest and Rents   | 269,385              | 553                          | 2,950             | 452                    | 190   | 1,351                          | 332                                     | 232               |
| Other Revenue  | 388,082              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| <b>TOTAL REVENUES</b>  | <b>12,678,426</b>    | <b>553</b>                   | <b>2,950</b>      | <b>452</b>             | <b>190</b>                                    | <b>1,351</b>                   | <b>332</b>                              | <b>232</b>        |
| <b>EXPENDITURES:</b>   |                      |                              |                   |                        |   |                                |   |                   |
| Legislative  | 276,525              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Judicial   | 1,641,456            | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| General Government   | 3,370,802            | -                            | -                 | -                      | -   | -                              | -                                       | 44,291            |
| Public Safety  | 4,062,718            | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Public Works   | 60,891               | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Health and Welfare   | 644,895              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Community/Economic Development   | 117,557              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Recreation and Cultural  | 264,176              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Other  | 874,217              | -                            | -                 | -                      | -   | -                              | -                                       | -                 |
| Capital Outlay   | 838,542              | -                            | -                 | -                      | -   | -                              | -                                       | 23,619            |
| <b>TOTAL EXPENDITURES</b>  | <b>12,151,779</b>    | <b>-</b>                     | <b>-</b>          | <b>-</b>               | <b>-</b>                                      | <b>-</b>                       | <b>-</b>                                | <b>67,910</b>     |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES   | 526,647              | 553                          | 2,950             | 452                    | 190   | 1,351                          | 332                                     | (67,678)          |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                      |                              |                   |                        |   |                                |   |                   |
| Operating Transfers In   | 1,362,147            | -                            | -                 | -                      | -   | -                              | -                                       | 206,817           |
| Operating Transfers Out  | (1,101,751)          | -                            | -                 | -                      | (37,410)                                      | -                              | -                                       | -                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>260,396</b>       | <b>-</b>                     | <b>-</b>          | <b>-</b>               | <b>(37,410)</b>                               | <b>-</b>                       | <b>-</b>                                | <b>206,817</b>    |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>FINANCING SOURCES OVER EXPENDITURES<br>AND OTHER FINANCING USES | 787,043              | 553                          | 2,950             | 452                    | (37,220)                                      | 1,351                          | 332                                     | 139,139           |
| FUND BALANCES - BEGINNING OF YEAR  | 9,283,340            | 107,575                      | 573,361           | 87,920                 | 54,150  | 262,545                        | 64,471                                  | 13,746            |
| FUND BALANCES - END OF YEAR  | <u>\$ 10,070,383</u> | <u>\$ 108,128</u>            | <u>\$ 576,311</u> | <u>\$ 88,372</u>       | <u>\$ 16,930</u>                              | <u>\$ 263,896</u>              | <u>\$ 64,803</u>                        | <u>\$ 152,885</u> |

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances  
General Funds  
For the Year Ended December 31, 2017**

|  | County-Wide<br>Recycling | Park Fund<br>Raiser | GIS<br>Implementation | Budget<br>Stabilization | Clean Lakes<br>Grant Fund | Soldier's<br>Relief | Self-Insured<br>Reserve | Capital<br>Project<br>Buildings &<br>Structures | Totals            |
|--|--------------------------|---------------------|-----------------------|-------------------------|---------------------------|---------------------|-------------------------|---|-------------------|
| <b>REVENUES:</b>   |                          |                     |                       |                         |                           |                     |                         |   |                   |
| Taxes  | \$ -                     | \$ -                | \$ -                  | \$ -                    | \$ -                      | \$ -                | \$ -                    | \$ -  | \$ 9,834,404      |
| Licenses and Permits   | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 249,339           |
| Federal Sources  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 48,582            |
| State Sources  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 654,420           |
| Charges for Services   | -                        | -                   | 709                   | -                       | -                         | -                   | -                       | -   | 1,232,473         |
| Fines and Forfeitures  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 2,450             |
| Interest and Rents   | 725                      | 42                  | 83                    | 3,166                   | 40                        | -                   | 1,442                   | 1,242   | 282,185           |
| Other Revenue  | -                        | 1,731               | -                     | -                       | -                         | -                   | -                       | 4,885   | 394,698           |
| <b>TOTAL REVENUES</b>  | <b>725</b>               | <b>1,773</b>        | <b>792</b>            | <b>3,166</b>            | <b>40</b>                 | <b>-</b>            | <b>1,442</b>            | <b>6,127</b>                                    | <b>12,698,551</b> |
| <b>EXPENDITURES:</b>   |                          |                     |                       |                         |                           |                     |                         |   |                   |
| Legislative  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 276,525           |
| Judicial   | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 1,641,456         |
| General Government   | -                        | -                   | 4,273                 | -                       | -                         | -                   | -                       | -   | 3,419,366         |
| Public Safety  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 4,062,718         |
| Public Works   | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 60,891            |
| Health and Welfare   | 317,000                  | -                   | -                     | -                       | -                         | 20,017              | -                       | -   | 981,912           |
| Community/Economic Development   | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 117,557           |
| Recreation and Cultural  | -                        | 2,070               | -                     | -                       | -                         | -                   | -                       | -   | 266,246           |
| Other  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | -   | 874,217           |
| Capital Outlay   | -                        | -                   | 9,457                 | -                       | -                         | -                   | -                       | -   | 871,618           |
| <b>TOTAL EXPENDITURES</b>  | <b>317,000</b>           | <b>2,070</b>        | <b>13,730</b>         | <b>-</b>                | <b>-</b>                  | <b>20,017</b>       | <b>-</b>                | <b>-</b>  | <b>12,572,506</b> |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES   | (316,275)                | (297)               | (12,938)              | 3,166                   | 40                        | (20,017)            | 1,442                   | 6,127   | 126,045           |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                          |                     |                       |                         |                           |                     |                         |   |                   |
| Operating Transfers In   | 320,900                  | -                   | -                     | -                       | -                         | 31,000              | -                       | -   | 1,920,864         |
| Operating Transfers Out  | -                        | -                   | -                     | -                       | -                         | -                   | -                       | (100,233)                                       | (1,239,394)       |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <b>320,900</b>           | <b>-</b>            | <b>-</b>              | <b>-</b>                | <b>-</b>                  | <b>31,000</b>       | <b>-</b>                | <b>(100,233)</b>                                | <b>681,470</b>    |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>FINANCING SOURCES OVER EXPENDITURES<br>AND OTHER FINANCING USES | 4,625                    | (297)               | (12,938)              | 3,166                   | 40                        | 10,983              | 1,442                   | (94,106)  | 807,515           |
| FUND BALANCES - BEGINNING OF YEAR  | 61,484                   | 7,333               | 25,423                | 615,414                 | 7,801                     | 19,397              | 280,335                 | 278,251   | 11,742,546        |
| FUND BALANCES - END OF YEAR  | \$ 66,109                | \$ 7,036            | \$ 12,485             | \$ 618,580              | \$ 7,841                  | \$ 30,380           | \$ 281,777              | \$ 184,145                                      | \$ 12,550,061     |



**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2017**

|   | Special Revenue Funds         |                               |                                     |                           |                                 |                                |                      |                          |
|---|-------------------------------|-------------------------------|-------------------------------------|---------------------------|---------------------------------|--------------------------------|----------------------|--------------------------|
|   | Revenue<br>Sharing<br>Reserve | Victims'<br>Rights<br>Reserve | Gas and Oil<br>Royalties<br>Reserve | Friend<br>of the<br>Court | Conservation<br>District<br>Tax | Animal<br>Control<br>Donations | Medical<br>Marihuana | Forestry                 |
| <b>ASSETS:</b>  |                               |                               |                                     |                           |                                 |                                |                      |                          |
| Cash and Investments  | \$ 950,337                    | \$ 8,521                      | \$ 567,445                          | \$ 365                    | \$ -                            | \$ 127,415                     | \$ -                 | \$ 366,250               |
| Receivables:  |                               |                               |                                     |                           |                                 |                                |                      |                          |
| Taxes   | -                             | -                             | -                                   | -                         | 178,450                         | -                              | -                    | -                        |
| Accounts  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -                        |
| Due from Governmental Units   | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -                        |
| <b>TOTAL ASSETS</b>   | <b><u>\$ 950,337</u></b>      | <b><u>\$ 8,521</u></b>        | <b><u>\$ 567,445</u></b>            | <b><u>\$ 365</u></b>      | <b><u>\$ 178,450</u></b>        | <b><u>\$ 127,415</u></b>       | <b><u>\$ -</u></b>   | <b><u>\$ 366,250</u></b> |
| <b>LIABILITIES:</b>   |                               |                               |                                     |                           |                                 |                                |                      |                          |
| Accounts Payable  | \$ -                          | \$ -                          | \$ -                                | \$ -                      | \$ -                            | \$ -                           | \$ -                 | \$ 7,995                 |
| Accrued Liabilities   | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | 3,000                    |
| <b>TOTAL LIABILITIES</b>  | <b><u>-</u></b>               | <b><u>-</u></b>               | <b><u>-</u></b>                     | <b><u>-</u></b>           | <b><u>-</u></b>                 | <b><u>-</u></b>                | <b><u>-</u></b>      | <b><u>10,995</u></b>     |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                               |                               |                                     |                           |                                 |                                |                      |                          |
| Taxes Levied for a Subsequent Period                                      | -                             | -                             | -                                   | -                         | 178,450                         | -                              | -                    | -                        |
| <b>FUND BALANCE:</b>  |                               |                               |                                     |                           |                                 |                                |                      |                          |
| Restricted  | 950,337                       | 8,521                         | -                                   | 365                       | -                               | 127,415                        | -                    | -                        |
| Committed   | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -                        |
| Assigned  | -                             | -                             | 567,445                             | -                         | -                               | -                              | -                    | 355,255                  |
| <b>TOTAL FUND BALANCES</b>  | <b><u>950,337</u></b>         | <b><u>8,521</u></b>           | <b><u>567,445</u></b>               | <b><u>365</u></b>         | <b><u>-</u></b>                 | <b><u>127,415</u></b>          | <b><u>-</u></b>      | <b><u>355,255</u></b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <b><u>\$ 950,337</u></b>      | <b><u>\$ 8,521</u></b>        | <b><u>\$ 567,445</u></b>            | <b><u>\$ 365</u></b>      | <b><u>\$ 178,450</u></b>        | <b><u>\$ 127,415</u></b>       | <b><u>\$ -</u></b>   | <b><u>\$ 366,250</u></b> |

|   | Special Revenue Funds         |                  |                           |                                     |                   |  |                                    |                  |
|---|-------------------------------|------------------|---------------------------|-------------------------------------|-------------------|--|------------------------------------|------------------|
|   | Petoskey<br>Stone<br>Festival | Antrim<br>Creek  | Glacial<br>Hills<br>Grant | Construction<br>Code<br>Enforcement | Energy<br>Savings | Homestead<br>Property Tax<br>Exemption | Register of<br>Deeds<br>Automation | 911<br>Training  |
| <b>ASSETS:</b>  |                               |                  |                           |                                     |                   |  |                                    |                  |
| Cash and Equivalents  | \$ 6,596                      | \$ 65,247        | \$ 11,348                 | \$ 734,350                          | \$ 17,514         | \$ 1,337                               | \$ 68,329                          | \$ 18,009        |
| Receivables:  |                               |                  |                           |                                     |                   |  |                                    |                  |
| Taxes   | -                             | -                | -                         | -                                   | -                 | -                                      | -                                  | -                |
| Accounts  | -                             | -                | -                         | -                                   | -                 | -                                      | -                                  | -                |
| Due From Other Governmental Units   | -                             | -                | -                         | -                                   | -                 | -                                      | -                                  | -                |
| <b>TOTAL ASSETS</b>   | <u>\$ 6,596</u>               | <u>\$ 65,247</u> | <u>\$ 11,348</u>          | <u>\$ 734,350</u>                   | <u>\$ 17,514</u>  | <u>\$ 1,337</u>                        | <u>\$ 68,329</u>                   | <u>\$ 18,009</u> |
| <b>LIABILITIES:</b>   |                               |                  |                           |                                     |                   |  |                                    |                  |
| Accounts Payable  | \$ -                          | \$ 200           | \$ -                      | \$ 4,723                            | \$ -              | \$ -                                   | \$ 11,092                          | \$ -             |
| Accrued Liabilities   | -                             | -                | -                         | 12,862                              | -                 | -                                      | -                                  | -                |
| <b>TOTAL LIABILITIES</b>  | <u>-</u>                      | <u>200</u>       | <u>-</u>                  | <u>17,585</u>                       | <u>-</u>          | <u>-</u>                               | <u>11,092</u>                      | <u>-</u>         |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                               |                  |                           |                                     |                   |  |                                    |                  |
| Taxes Levied for a Subsequent Period                                      | -                             | -                | -                         | -                                   | -                 | -                                      | -                                  | -                |
| <b>FUND BALANCE:</b>  |                               |                  |                           |                                     |                   |  |                                    |                  |
| Restricted  | -                             | -                | -                         | 716,765                             | -                 | -                                      | 57,237                             | 18,009           |
| Committed   | 6,596                         | 65,047           | 11,348                    | -                                   | 17,514            | -                                      | -                                  | -                |
| Assigned  | -                             | -                | -                         | -                                   | -                 | 1,337                                  | -                                  | -                |
| <b>TOTAL FUND BALANCES</b>  | <u>6,596</u>                  | <u>65,047</u>    | <u>11,348</u>             | <u>716,765</u>                      | <u>17,514</u>     | <u>1,337</u>                           | <u>57,237</u>                      | <u>18,009</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <u>\$ 6,596</u>               | <u>\$ 65,247</u> | <u>\$ 11,348</u>          | <u>\$ 734,350</u>                   | <u>\$ 17,514</u>  | <u>\$ 1,337</u>                        | <u>\$ 68,329</u>                   | <u>\$ 18,009</u> |

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2017**

|   | Special Revenue Funds |                                  |   |                            |                              |                                 |                  |                            |
|---|-----------------------|----------------------------------|---|----------------------------|------------------------------|---------------------------------|------------------|----------------------------|
|   | E-911<br>Wireless     | Concealed<br>Pistol<br>Licensing | Local<br>Corrections<br>Officer<br>Training | Jail<br>Inmate<br>Proceeds | ORV<br>Ordinance<br>Training | Michigan<br>Justice<br>Training | Law<br>Library   | Drug<br>Law<br>Enforcement |
| <b>ASSETS:</b>  |                       |                                  |   |                            |                              |                                 |                  |                            |
| Cash and Equivalents  | \$ 741,192            | \$ 28,622                        | \$ 35,489                                   | \$ 32,354                  | \$ 203                       | \$ 25,275                       | \$ 30,422        | \$ 13,400                  |
| Receivables:  |                       |                                  |   |                            |                              |                                 |                  |                            |
| Taxes   | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| Accounts  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| Due From Other Governmental Units   | 36,205                | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>TOTAL ASSETS</b>   | <u>\$ 777,397</u>     | <u>\$ 28,622</u>                 | <u>\$ 35,489</u>                            | <u>\$ 32,354</u>           | <u>\$ 203</u>                | <u>\$ 25,275</u>                | <u>\$ 30,422</u> | <u>\$ 13,400</u>           |
| <b>LIABILITIES:</b>   |                       |                                  |   |                            |                              |                                 |                  |                            |
| Accounts Payable  | \$ -                  | \$ -                             | \$ 394                                      | \$ 431                     | \$ -                         | \$ -                            | \$ -             | \$ -                       |
| Accrued Liabilities   | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>TOTAL LIABILITIES</b>  | -                     | -                                | 394   | 431                        | -                            | -                               | -                | -                          |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                       |                                  |   |                            |                              |                                 |                  |                            |
| Taxes Levied for a Subsequent Period                                      | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>FUND BALANCE:</b>  |                       |                                  |   |                            |                              |                                 |                  |                            |
| Restricted  | 777,397               | 28,622                           | 35,095                                      | -                          | 203                          | 25,275                          | 30,422           | -                          |
| Committed   | -                     | -                                | -   | 31,923                     | -                            | -                               | -                | 13,400                     |
| Assigned  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>TOTAL FUND BALANCES</b>  | <u>777,397</u>        | <u>28,622</u>                    | <u>35,095</u>                               | <u>31,923</u>              | <u>203</u>                   | <u>25,275</u>                   | <u>30,422</u>    | <u>13,400</u>              |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <u>\$ 777,397</u>     | <u>\$ 28,622</u>                 | <u>\$ 35,489</u>                            | <u>\$ 32,354</u>           | <u>\$ 203</u>                | <u>\$ 25,275</u>                | <u>\$ 30,422</u> | <u>\$ 13,400</u>           |

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2017**

|   | Special Revenue Funds |                     |                  |                            |                          |  |                   |                    |
|---|-----------------------|---------------------|------------------|----------------------------|--------------------------|--|-------------------|--------------------|
|   | Snowmobile<br>Grant   | AC Breast<br>Cancer | Probate<br>Grant | Antrim<br>Housing<br>Grant | Housing<br>CDBG<br>Grant | Emergency<br>Services<br>LEPC<br>Grant | Child<br>Care     | Veteran's<br>Trust |
| <b>ASSETS:</b>  |                       |                     |                  |                            |                          |  |                   |                    |
| Cash and Equivalents  | \$ 57,546             | \$ -                | \$ -             | \$ 3,007                   | \$ -                     | \$ 6,062                               | \$ 422,095        | \$ -               |
| Receivables:  |                       |                     |                  |                            |                          |  |                   |                    |
| Taxes   | -                     | -                   | -                | -                          | -                        | -                                      | -                 | -                  |
| Accounts  | -                     | -                   | -                | -                          | -                        | -                                      | -                 | -                  |
| Due From Other Governmental Units   | -                     | -                   | -                | -                          | -                        | 1,000                                  | 3,881             | -                  |
| <b>TOTAL ASSETS</b>   | <u>\$ 57,546</u>      | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ 3,007</u>            | <u>\$ -</u>              | <u>\$ 7,062</u>                        | <u>\$ 425,976</u> | <u>\$ -</u>        |
| <b>LIABILITIES:</b>   |                       |                     |                  |                            |                          |  |                   |                    |
| Accounts Payable  | \$ 1,219              | \$ -                | \$ -             | \$ 444                     | \$ -                     | \$ -                                   | \$ 11,256         | \$ -               |
| Accrued Liabilities   | 3,798                 | -                   | -                | -                          | -                        | -                                      | -                 | -                  |
| <b>TOTAL LIABILITIES</b>  | <u>5,017</u>          | <u>-</u>            | <u>-</u>         | <u>444</u>                 | <u>-</u>                 | <u>-</u>                               | <u>11,256</u>     | <u>-</u>           |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                       |                     |                  |                            |                          |  |                   |                    |
| Taxes Levied for a Subsequent Period                                      | -                     | -                   | -                | -                          | -                        | -                                      | -                 | -                  |
| <b>FUND BALANCE:</b>  |                       |                     |                  |                            |                          |  |                   |                    |
| Restricted  | 52,529                | -                   | -                | 2,563                      | -                        | 7,062                                  | -                 | -                  |
| Committed   | -                     | -                   | -                | -                          | -                        | -                                      | -                 | -                  |
| Assigned  | -                     | -                   | -                | -                          | -                        | -                                      | 414,720           | -                  |
| <b>TOTAL FUND BALANCES</b>  | <u>52,529</u>         | <u>-</u>            | <u>-</u>         | <u>2,563</u>               | <u>-</u>                 | <u>7,062</u>                           | <u>414,720</u>    | <u>-</u>           |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <u>\$ 57,546</u>      | <u>\$ -</u>         | <u>\$ -</u>      | <u>\$ 3,007</u>            | <u>\$ -</u>              | <u>\$ 7,062</u>                        | <u>\$ 425,976</u> | <u>\$ -</u>        |

|   | Special Revenue Funds |                            | Debt Service Fund         | Capital Project Fund            |                     |
|---|-----------------------|----------------------------|---------------------------|---------------------------------|---------------------|
|   | Canine Program        | Meadow View Senior Housing | Meadow Brook Project Debt | Grass River Interpretive Center | Total               |
| <b>ASSETS:</b>  |                       |                            |                           |                                 |                     |
| Cash and Equivalents  | \$ 1                  | \$ 129,439                 | \$ 100,401                | \$ 213,664                      | \$ 4,782,235        |
| Receivables:  |                       |                            |                           |                                 |                     |
| Taxes   | -                     | -                          | -                         | -                               | 178,450             |
| Accounts  | -                     | 321                        | -                         | -                               | 321                 |
| Due From Other Governmental Units   | -                     | -                          | -                         | -                               | 41,086              |
| <b>TOTAL ASSETS</b>   | <u>\$ 1</u>           | <u>\$ 129,760</u>          | <u>\$ 100,401</u>         | <u>\$ 213,664</u>               | <u>\$ 5,002,092</u> |
| <b>LIABILITIES:</b>   |                       |                            |                           |                                 |                     |
| Accounts Payable  | \$ -                  | \$ 4,494                   | \$ -                      | \$ -                            | \$ 42,248           |
| Accrued Liabilities   | -                     | 3,800                      | -                         | -                               | 23,460              |
| <b>TOTAL LIABILITIES</b>  | <u>-</u>              | <u>8,294</u>               | <u>-</u>                  | <u>-</u>                        | <u>65,708</u>       |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                                     |                       |                            |                           |                                 |                     |
| Taxes Levied for a Subsequent Period                                      | -                     | -                          | -                         | -                               | 178,450             |
| <b>FUND BALANCE:</b>  |                       |                            |                           |                                 |                     |
| Restricted  | -                     | -                          | 100,401                   | 213,664                         | 3,151,882           |
| Committed   | -                     | 121,466                    | -                         | -                               | 267,294             |
| Assigned  | 1                     | -                          | -                         | -                               | 1,338,758           |
| <b>TOTAL FUND BALANCES</b>  | <u>1</u>              | <u>121,466</u>             | <u>100,401</u>            | <u>213,664</u>                  | <u>4,757,934</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b> | <u>\$ 1</u>           | <u>\$ 129,760</u>          | <u>\$ 100,401</u>         | <u>\$ 213,664</u>               | <u>\$ 5,002,092</u> |

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017**

Special Revenue Funds

|   | Revenue<br>Sharing<br>Reserve | Victims'<br>Rights<br>Reserve | Gas and Oil<br>Royalties<br>Reserve | Friend<br>of the<br>Court | Conservation<br>District<br>Tax | Animal<br>Control<br>Donations | Medical<br>Marihuana | Forestry      |
|---|-------------------------------|-------------------------------|-------------------------------------|---------------------------|---------------------------------|--------------------------------|----------------------|---------------|
| REVENUES:   |                               |                               |                                     |                           |                                 |                                |                      |               |
| Licenses and Permits  | \$ -                          | \$ -                          | \$ -                                | \$ -                      | \$ -                            | \$ -                           | \$ -                 | \$ -          |
| Federal   | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| State   | -                             | -                             | -                                   | -                         | -                               | -                              | 8,070                | -             |
| Local   | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| Charges for Services  | -                             | -                             | -                                   | 4,680                     | -                               | -                              | -                    | 85,472        |
| Fines and Forfeits  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | 500           |
| Interest and Rents  | 353                           | 44                            | 25,083                              | -                         | -                               | 667                            | -                    | 1,828         |
| Other Revenue   | -                             | -                             | -                                   | -                         | -                               | 2,857                          | -                    | -             |
| <b>TOTAL REVENUES</b>   | <b>353</b>                    | <b>44</b>                     | <b>25,083</b>                       | <b>4,680</b>              | <b>-</b>                        | <b>3,524</b>                   | <b>8,070</b>         | <b>87,800</b> |
| EXPENDITURES:   |                               |                               |                                     |                           |                                 |                                |                      |               |
| Judicial  | -                             | -                             | -                                   | 4,760                     | -                               | -                              | -                    | -             |
| General Government  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | 12,065        |
| Public Safety   | -                             | -                             | -                                   | -                         | -                               | -                              | 8,070                | -             |
| Health and Welfare  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| Recreation and Culture  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| Debt Service  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| Capital Outlay  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | 4,548         |
| <b>TOTAL EXPENDITURES</b>   | <b>-</b>                      | <b>-</b>                      | <b>-</b>                            | <b>4,760</b>              | <b>-</b>                        | <b>-</b>                       | <b>8,070</b>         | <b>16,613</b> |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>353</b>                    | <b>44</b>                     | <b>25,083</b>                       | <b>(80)</b>               | <b>-</b>                        | <b>3,524</b>                   | <b>-</b>             | <b>71,187</b> |
| OTHER FINANCING SOURCES (USES):   |                               |                               |                                     |                           |                                 |                                |                      |               |
| Operating Transfers In  | -                             | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| Operating Transfers Out   | (495,156)                     | -                             | -                                   | -                         | -                               | -                              | -                    | -             |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>(495,156)</b>              | <b>-</b>                      | <b>-</b>                            | <b>-</b>                  | <b>-</b>                        | <b>-</b>                       | <b>-</b>             | <b>-</b>      |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>(494,803)</b>              | <b>44</b>                     | <b>25,083</b>                       | <b>(80)</b>               | <b>-</b>                        | <b>3,524</b>                   | <b>-</b>             | <b>71,187</b> |
| FUND BALANCES - BEGINNING OF YEAR   | 1,445,140                     | 8,477                         | 542,362                             | 445                       | -                               | 123,891                        | -                    | 284,068       |
| FUND BALANCES - END OF YEAR   | \$ 950,337                    | \$ 8,521                      | \$ 567,445                          | \$ 365                    | \$ -                            | \$ 127,415                     | \$ -                 | \$ 355,255    |

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017**

Special Revenue Funds

|   | Petoskey<br>Stone<br>Festival | Antrim<br>Creek | Glacial<br>Hills<br>Grant | Construction<br>Code<br>Enforcement | Energy<br>Savings | Homestead<br>Property Tax<br>Exemption | Register of<br>Deeds<br>Automation | 911<br>Training |
|---|-------------------------------|-----------------|---------------------------|-------------------------------------|-------------------|--|------------------------------------|-----------------|
| REVENUES:   |                               |                 |                           |                                     |                   |  |                                    |                 |
| Licenses and Permits  | \$ -                          | \$ -            | \$ -                      | \$ 669,545                          | \$ -              | \$ -                                   | \$ -                               | \$ -            |
| Federal   | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | -               |
| State   | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | 8,391           |
| Local   | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | -               |
| Charges for Services  | -                             | -               | -                         | 448                                 | -                 | 2,483                                  | -                                  | -               |
| Fines and Forfeits  | -                             | -               | -                         | -                                   | -                 | -                                      | 49,565                             | -               |
| Interest and Rents  | 36                            | 401             | -                         | 3,382                               | 74                | 33                                     | 381                                | 100             |
| Other Revenue   | 6,570                         | 6,918           | -                         | 1,589                               | -                 | -                                      | -                                  | -               |
| <b>TOTAL REVENUES</b>   | <b>6,606</b>                  | <b>7,319</b>    | <b>-</b>                  | <b>674,964</b>                      | <b>74</b>         | <b>2,516</b>                           | <b>49,946</b>                      | <b>8,491</b>    |
| EXPENDITURES:   |                               |                 |                           |                                     |                   |  |                                    |                 |
| Judicial  | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | -               |
| General Government  | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | -               |
| Public Safety   | -                             | -               | -                         | 455,330                             | -                 | -                                      | 46,807                             | 9,890           |
| Health and Welfare  | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | -               |
| Recreation and Culture  | 6,198                         | 4,083           | 580                       | -                                   | -                 | -                                      | -                                  | -               |
| Debt Service  | -                             | -               | -                         | -                                   | -                 | -                                      | -                                  | -               |
| Capital Outlay  | -                             | 30,660          | -                         | 25,801                              | -                 | -                                      | -                                  | -               |
| <b>TOTAL EXPENDITURES</b>   | <b>6,198</b>                  | <b>34,743</b>   | <b>580</b>                | <b>481,131</b>                      | <b>-</b>          | <b>-</b>                               | <b>46,807</b>                      | <b>9,890</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>408</b>                    | <b>(27,424)</b> | <b>(580)</b>              | <b>193,833</b>                      | <b>74</b>         | <b>2,516</b>                           | <b>3,139</b>                       | <b>(1,399)</b>  |
| OTHER FINANCING SOURCES (USES):   |                               |                 |                           |                                     |                   |  |                                    |                 |
| Operating Transfers In  | 500                           | -               | 3,220                     | -                                   | 10,516            | -                                      | -                                  | -               |
| Operating Transfers Out   | -                             | -               | -                         | -                                   | -                 | (6,000)                                | -                                  | -               |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>500</b>                    | <b>-</b>        | <b>3,220</b>              | <b>-</b>                            | <b>10,516</b>     | <b>(6,000)</b>                         | <b>-</b>                           | <b>-</b>        |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>908</b>                    | <b>(27,424)</b> | <b>2,640</b>              | <b>193,833</b>                      | <b>10,590</b>     | <b>(3,484)</b>                         | <b>3,139</b>                       | <b>(1,399)</b>  |
| FUND BALANCES - BEGINNING OF YEAR   | 5,688                         | 92,471          | 8,708                     | 522,932                             | 6,924             | 4,821                                  | 54,098                             | 19,408          |
| FUND BALANCES - END OF YEAR   | \$ 6,596                      | \$ 65,047       | \$ 11,348                 | \$ 716,765                          | \$ 17,514         | \$ 1,337                               | \$ 57,237                          | \$ 18,009       |

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017**

|   | Special Revenue Funds |                                  |   |                            |                              |                                 |                  |                            |
|---|-----------------------|----------------------------------|---|----------------------------|------------------------------|---------------------------------|------------------|----------------------------|
|   | E-911<br>Wireless     | Concealed<br>Pistol<br>Licensing | Local<br>Corrections<br>Officer<br>Training | Jail<br>Inmate<br>Proceeds | ORV<br>Ordinance<br>Training | Michigan<br>Justice<br>Training | Law<br>Library   | Drug<br>Law<br>Enforcement |
| REVENUES:   |                       |                                  |   |                            |                              |                                 |                  |                            |
| Licenses and Permits  | \$ -                  | \$ 11,750                        | \$ -  | \$ -                       | \$ -                         | \$ -                            | \$ -             | \$ -                       |
| Federal   | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| State   | 148,218               | -                                | -   | -                          | -                            | 3,788                           | -                | -                          |
| Local   | -                     | -                                | -   | -                          | -                            | -                               | 3,500            | -                          |
| Charges for Services  | -                     | -                                | 5,954                                       | 17,876                     | -                            | -                               | -                | -                          |
| Fines and Forfeits  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| Interest and Rents  | 3,528                 | 124                              | 188   | 155                        | 2                            | -                               | 147              | -                          |
| Other Revenue   | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>TOTAL REVENUES</b>   | <b>151,746</b>        | <b>11,874</b>                    | <b>6,142</b>                                | <b>18,031</b>              | <b>2</b>                     | <b>3,788</b>                    | <b>3,647</b>     | <b>-</b>                   |
| EXPENDITURES:   |                       |                                  |   |                            |                              |                                 |                  |                            |
| Judicial  | -                     | -                                | -   | -                          | -                            | -                               | 6,101            | -                          |
| General Government  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| Public Safety   | -                     | -                                | 7,184                                       | 11,543                     | -                            | 2,576                           | -                | -                          |
| Health and Welfare  | -                     | 704                              | -   | -                          | -                            | -                               | -                | -                          |
| Recreation and Culture  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| Debt Service  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| Capital Outlay  | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>TOTAL EXPENDITURES</b>   | <b>-</b>              | <b>704</b>                       | <b>7,184</b>                                | <b>11,543</b>              | <b>-</b>                     | <b>2,576</b>                    | <b>6,101</b>     | <b>-</b>                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>151,746</b>        | <b>11,170</b>                    | <b>(1,042)</b>                              | <b>6,488</b>               | <b>2</b>                     | <b>1,212</b>                    | <b>(2,454)</b>   | <b>-</b>                   |
| OTHER FINANCING SOURCES (USES):   |                       |                                  |   |                            |                              |                                 |                  |                            |
| Operating Transfers In  | -                     | -                                | -   | -                          | -                            | -                               | 10,000           | -                          |
| Operating Transfers Out   | -                     | -                                | -   | -                          | -                            | -                               | -                | -                          |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>-</b>              | <b>-</b>                         | <b>-</b>                                    | <b>-</b>                   | <b>-</b>                     | <b>-</b>                        | <b>10,000</b>    | <b>-</b>                   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>151,746</b>        | <b>11,170</b>                    | <b>(1,042)</b>                              | <b>6,488</b>               | <b>2</b>                     | <b>1,212</b>                    | <b>7,546</b>     | <b>-</b>                   |
| FUND BALANCES - BEGINNING OF YEAR   | 625,651               | 17,452                           | 36,137                                      | 25,435                     | 201                          | 24,063                          | 22,876           | 13,400                     |
| FUND BALANCES - END OF YEAR   | <u>\$ 777,397</u>     | <u>\$ 28,622</u>                 | <u>\$ 35,095</u>                            | <u>\$ 31,923</u>           | <u>\$ 203</u>                | <u>\$ 25,275</u>                | <u>\$ 30,422</u> | <u>\$ 13,400</u>           |



**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017**

Special Revenue Funds

|   | Snowmobile<br>Grant | AC Breast<br>Cancer | Probate<br>Grant | Antrim<br>Housing | Housing<br>CDBG<br>Grant | Emergency<br>Services<br>LEPC<br>Grant | Child<br>Care     | Veteran's<br>Trust |
|---|---------------------|---------------------|------------------|-------------------|--------------------------|--|-------------------|--------------------|
| <b>REVENUES:</b>  |                     |                     |                  |                   |                          |  |                   |                    |
| Licenses and Permits  | \$ -                | \$ -                | \$ -             | \$ -              | \$ -                     | \$ -                                   | \$ -              | \$ -               |
| Federal   | -                   | -                   | -                | -                 | -                        | 1,000                                  | -                 | -                  |
| State   | 18,000              | -                   | -                | -                 | -                        | -                                      | 106,053           | 546                |
| Local   | -                   | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| Charges for Services  | -                   | -                   | -                | -                 | -                        | -                                      | 26,460            | -                  |
| Fines and Forfeits  | -                   | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| Interest and Rents  | -                   | -                   | -                | -                 | -                        | -                                      | 3,221             | -                  |
| Other Revenue   | 363                 | 15,000              | -                | -                 | -                        | -                                      | 6,324             | -                  |
| <b>TOTAL REVENUES</b>   | <b>18,363</b>       | <b>15,000</b>       | <b>-</b>         | <b>-</b>          | <b>-</b>                 | <b>1,000</b>                           | <b>142,058</b>    | <b>546</b>         |
| <b>EXPENDITURES:</b>  |                     |                     |                  |                   |                          |  |                   |                    |
| Judicial  | -                   | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| General Government  | -                   | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| Public Safety   | 54,520              | -                   | -                | -                 | -                        | 444                                    | -                 | -                  |
| Health and Welfare  | -                   | 15,000              | -                | 34,850            | 8,573                    | -                                      | 247,225           | 1,374              |
| Recreation and Culture  | -                   | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| Debt Service  | -                   | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| Capital Outlay  | 6,252               | -                   | -                | -                 | -                        | -                                      | -                 | -                  |
| <b>TOTAL EXPENDITURES</b>   | <b>60,772</b>       | <b>15,000</b>       | <b>-</b>         | <b>34,850</b>     | <b>8,573</b>             | <b>444</b>                             | <b>247,225</b>    | <b>1,374</b>       |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>(42,409)</b>     | <b>-</b>            | <b>-</b>         | <b>(34,850)</b>   | <b>(8,573)</b>           | <b>556</b>                             | <b>(105,167)</b>  | <b>(828)</b>       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                     |                     |                  |                   |                          |  |                   |                    |
| Operating Transfers In  | 43,141              | -                   | -                | 34,406            | -                        | -                                      | 100,000           | -                  |
| Operating Transfers Out   | -                   | -                   | (3,181)          | -                 | -                        | -                                      | -                 | -                  |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>43,141</b>       | <b>-</b>            | <b>(3,181)</b>   | <b>34,406</b>     | <b>-</b>                 | <b>-</b>                               | <b>100,000</b>    | <b>-</b>           |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>732</b>          | <b>-</b>            | <b>(3,181)</b>   | <b>(444)</b>      | <b>(8,573)</b>           | <b>556</b>                             | <b>(5,167)</b>    | <b>(828)</b>       |
| <b>FUND BALANCES - BEGINNING OF YEAR</b>  | <b>51,797</b>       | <b>-</b>            | <b>3,181</b>     | <b>3,007</b>      | <b>8,573</b>             | <b>6,506</b>                           | <b>419,887</b>    | <b>828</b>         |
| <b>FUND BALANCES - END OF YEAR</b>  | <b>\$ 52,529</b>    | <b>\$ -</b>         | <b>\$ -</b>      | <b>\$ 2,563</b>   | <b>\$ -</b>              | <b>\$ 7,062</b>                        | <b>\$ 414,720</b> | <b>\$ -</b>        |

**Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017**

|   | Special Revenue Funds |                                     | Debt<br>Service<br>Fund         | Capital<br>Project<br>Fund            |                  |
|---|-----------------------|-------------------------------------|---------------------------------|---------------------------------------|------------------|
|   | Canine<br>Program     | Meadow<br>View<br>Senior<br>Housing | Meadow Brook<br>Project<br>Debt | Grass River<br>Interpretive<br>Center | Total            |
| REVENUES:   |                       |                                     |                                 |                                       |                  |
| Licenses and Permits  | \$ -                  | \$ -                                | \$ -                            | \$ -                                  | \$ 681,295       |
| Federal   | -                     | -                                   | -                               | -                                     | 1,000            |
| State   | -                     | -                                   | -                               | -                                     | 293,066          |
| Local   | -                     | -                                   | -                               | -                                     | 3,500            |
| Charges for Services  | -                     | -                                   | -                               | -                                     | 143,373          |
| Fines and Forfeits  | -                     | -                                   | -                               | -                                     | 50,065           |
| Interest and Rents  | 8                     | 131,938                             | 228                             | -                                     | 171,921          |
| Other Revenue   | 18,461                | 660                                 | -                               | -                                     | 58,742           |
| <b>TOTAL REVENUES</b>   | <b>18,469</b>         | <b>132,598</b>                      | <b>228</b>                      | <b>-</b>                              | <b>1,402,962</b> |
| EXPENDITURES:   |                       |                                     |                                 |                                       |                  |
| Judicial  | -                     | -                                   | -                               | -                                     | 10,861           |
| General Government  | -                     | -                                   | -                               | -                                     | 12,065           |
| Public Safety   | 14,851                | -                                   | -                               | -                                     | 611,215          |
| Health and Welfare  | -                     | 94,264                              | -                               | -                                     | 401,990          |
| Recreation and Culture  | -                     | -                                   | -                               | -                                     | 10,861           |
| Debt Service  | -                     | -                                   | 869,375                         | -                                     | 869,375          |
| Capital Outlay  | 6,600                 | 26,285                              | -                               | -                                     | 100,146          |
| <b>TOTAL EXPENDITURES</b>   | <b>21,451</b>         | <b>120,549</b>                      | <b>869,375</b>                  | <b>-</b>                              | <b>2,016,513</b> |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>(2,982)</b>        | <b>12,049</b>                       | <b>(869,147)</b>                | <b>-</b>                              | <b>(613,551)</b> |
| OTHER FINANCING SOURCES (USES):   |                       |                                     |                                 |                                       |                  |
| Operating Transfers In  | 2,983                 | -                                   | 869,375                         | -                                     | 1,074,141        |
| Operating Transfers Out   | -                     | -                                   | -                               | -                                     | (504,337)        |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>   | <b>2,983</b>          | <b>-</b>                            | <b>869,375</b>                  | <b>-</b>                              | <b>569,804</b>   |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>1</b>              | <b>12,049</b>                       | <b>228</b>                      | <b>-</b>                              | <b>(43,747)</b>  |
| FUND BALANCES - BEGINNING OF YEAR   | -                     | 109,417                             | 100,173                         | 213,664                               | 4,801,681        |
| FUND BALANCES - END OF YEAR   | \$ 1                  | \$ 121,466                          | \$ 100,401                      | \$ 213,664                            | \$ 4,757,934     |

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2017**

|  | Airport             | Elk Rapids<br>Hydro<br>Electric | Transportation    | Total               |
|--|---------------------|---------------------------------|-------------------|---------------------|
| <b>ASSETS:</b>                                       |                     |                                 |                   |                     |
| Cash and Equivalents                                 | \$ 434,860          | \$ 212,254                      | \$ 221,061        | \$ 868,175          |
| Accounts Receivables                                 | 48,446              | 1,434                           | 63,473            | 113,353             |
| Due From Other Governments                           | -                   | -                               | 55,244            | 55,244              |
| Prepaid Items  | -                   | -                               | 5,362             | 5,362               |
| Inventories  | 20,465              | -                               | 49,280            | 69,745              |
| Capital Assets (Net of Accumulated Depreciation)     | 2,915,086           | 241,666                         | 368,087           | 3,524,839           |
| <b>TOTAL ASSETS</b>                                  | <b>3,418,857</b>    | <b>455,354</b>                  | <b>762,507</b>    | <b>4,636,718</b>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES:</b>               |                     |                                 |                   |                     |
| Pension Experience and Assumptions                   | -                   | -                               | 36,232            | 36,232              |
| <b>LIABILITIES:</b>                                  |                     |                                 |                   |                     |
| Accounts Payable                                     | 65,669              | -                               | 37,666            | 103,335             |
| Accrued Liabilities                                  | 8,052               | -                               | 17,345            | 25,397              |
| Vested Employee Benefits - Due in more than one year | 9,247               | -                               | 5,034             | 14,281              |
| Net Pension Liability - Due in more than one year    | -                   | -                               | 330,920           | 330,920             |
| <b>TOTAL LIABILITIES</b>                             | <b>82,968</b>       | <b>-</b>                        | <b>390,965</b>    | <b>473,933</b>      |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                |                     |                                 |                   |                     |
| Pension Investment Earnings                          | -                   | -                               | 19,335            | 19,335              |
| <b>NET POSITION:</b>                                 |                     |                                 |                   |                     |
| Net Investment in Capital Assets                     | 2,915,086           | 241,666                         | 368,087           | 3,524,839           |
| Unrestricted   | 420,803             | 213,688                         | 20,352            | 654,843             |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 3,335,889</b> | <b>\$ 455,354</b>               | <b>\$ 388,439</b> | <b>\$ 4,179,682</b> |

**Combining Statement of Revenues, Expenses, and Changes  
in Net Position - Nonmajor Enterprise Funds  
For the Year Ended December 31, 2017**

|   | Airport             | Elk Rapids<br>Hydro<br>Electric | Transportation    | Total               |
|---|---------------------|---------------------------------|-------------------|---------------------|
| OPERATING REVENUES:                           |                     |                                 |                   |                     |
| Charges for Services                          | \$ 218,341          | \$ 20,911                       | \$ 286,240        | \$ 525,492          |
| Other Income                                  | 12,609              | -                               | -                 | 12,609              |
| <b>TOTAL OPERATING REVENUES</b>               | <b>230,950</b>      | <b>20,911</b>                   | <b>286,240</b>    | <b>538,101</b>      |
| OPERATING EXPENSES:                           |                     |                                 |                   |                     |
| Salaries, Wages, and Fringe Benefits          | 252,562             | -                               | 639,519           | 892,081             |
| Depreciation                                  | 170,302             | 8,880                           | 151,929           | 331,111             |
| Other Expenses                                | 179,906             | 25                              | 229,878           | 409,809             |
| <b>TOTAL OPERATING EXPENSES</b>               | <b>602,770</b>      | <b>8,905</b>                    | <b>1,021,326</b>  | <b>1,633,001</b>    |
| <b>OPERATING INCOME (LOSS)</b>                | <b>(371,820)</b>    | <b>12,006</b>                   | <b>(735,086)</b>  | <b>(1,094,900)</b>  |
| NON OPERATING REVENUES (EXPENSES):            |                     |                                 |                   |                     |
| Interest Earnings                             | 2,353               | 1,437                           | 1,442             | 5,232               |
| Oil and Gas Royalties                         | 1,189               | -                               | -                 | 1,189               |
| Federal Grants                                | 1,002,436           | -                               | 148,198           | 1,150,634           |
| State Grants                                  | 55,691              | -                               | 307,454           | 363,145             |
| Gain on disposal                              | -                   | -                               | 2,900             | 2,900               |
| Unrealized Gain (Loss)                        | (75)                | (34)                            | (36)              | (145)               |
| <b>TOTAL NONOPERATING REVENUES (EXPENSES)</b> | <b>1,061,594</b>    | <b>1,403</b>                    | <b>459,958</b>    | <b>1,522,955</b>    |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>         | <b>689,774</b>      | <b>13,409</b>                   | <b>(275,128)</b>  | <b>428,055</b>      |
| Operating Transfers In                        | 306,674             | -                               | 166,000           | 472,674             |
| Changes in Net Position                       | 996,448             | 13,409                          | (109,128)         | 900,729             |
| <b>NET POSITION - BEGINNING OF YEAR</b>       | <b>2,339,441</b>    | <b>441,945</b>                  | <b>497,567</b>    | <b>3,278,953</b>    |
| <b>NET POSITION - END OF YEAR</b>             | <b>\$ 3,335,889</b> | <b>\$ 455,354</b>               | <b>\$ 388,439</b> | <b>\$ 4,179,682</b> |

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2017**

|   | Airport             | Elk Rapids<br>Hydro<br>Electric | Transportation      | Total               |
|---|---------------------|---------------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                     |                                 |                     |                     |
| Cash Received from Customers  | \$ 222,196          | \$ 21,145                       | \$ 273,289          | \$ 516,630          |
| Cash Payments for Goods and Service   | (108,457)           | (122)                           | (317,897)           | (426,476)           |
| Cash Payments to Employees for Services/Fringe Benefits   | (251,657)           | -                               | (642,318)           | (893,975)           |
| Net Cash Provided (Used) by Operating Activities  | <u>(137,918)</u>    | <u>21,023</u>                   | <u>(686,926)</u>    | <u>(803,821)</u>    |
| <b>CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                       |                     |                                 |                     |                     |
| Transfers from (to) Other Funds   | 306,674             | -                               | 166,000             | 472,674             |
| Operating Grants Received   | -                   | -                               | 387,917             | 387,917             |
| Net Cash Provided (Used) by Noncapital and Related Financing Activities                                   | <u>306,674</u>      | <u>-</u>                        | <u>553,917</u>      | <u>860,591</u>      |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>  |                     |                                 |                     |                     |
| Acquisition of Capital Assets   | (1,118,791)         | (177,875)                       | (22,798)            | (1,319,464)         |
| Proceeds from Sale of Capital Assets  | -                   | -                               | 2,900               | 2,900               |
| Capital Acquisition Grants - Received in Cash   | 1,058,127           | -                               | 25,158              | 1,083,285           |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                      | <u>(60,664)</u>     | <u>(177,875)</u>                | <u>5,260</u>        | <u>(233,279)</u>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                     |                                 |                     |                     |
| Interest Income & Gains   | 2,353               | 1,403                           | 1,442               | 5,198               |
| Oil & Gas Royalties & Other   | 1,114               | -                               | (36)                | 1,078               |
| Net Cash Provided (Used) by Investing Activities  | <u>3,467</u>        | <u>1,403</u>                    | <u>1,406</u>        | <u>6,276</u>        |
| Net Increase (Decrease) in Cash and Equivalents   | 111,559             | (155,449)                       | (126,343)           | (170,233)           |
| Cash and Equivalents - Beginning of the Year  | 323,301             | 367,703                         | 347,404             | 1,038,408           |
| Cash and Equivalents - End of Year  | <u>\$ 434,860</u>   | <u>\$ 212,254</u>               | <u>\$ 221,061</u>   | <u>\$ 868,175</u>   |
| <b>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities:</b> |                     |                                 |                     |                     |
| Operating Income (Loss)   | \$ (371,820)        | \$ 12,006                       | \$ (735,086)        | \$ (1,094,900)      |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities:  |                     |                                 |                     |                     |
| Depreciation Expense  | 170,302             | 8,880                           | 151,929             | 331,111             |
| Change in Assets and Liabilities:   |                     |                                 |                     |                     |
| Accounts Receivable   | (8,754)             | 234                             | (12,945)            | (21,465)            |
| Prepaid Items   | -                   | -                               | 329                 | 329                 |
| Inventories   | 13,727              | -                               | (6,708)             | 7,019               |
| Accounts Payable  | 57,722              | (97)                            | (81,646)            | (24,021)            |
| Accrued Liabilities   | 905                 | -                               | (2,799)             | (1,894)             |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ (137,918)</u> | <u>\$ 21,023</u>                | <u>\$ (686,926)</u> | <u>\$ (803,821)</u> |

# **Report on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

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

PHILLIP J. WOLF, CPA

**MEMBER AICPA**  
**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan as of and for the year ended December 31, 2017, 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 25, 2018. 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 25, 2018





**ANDERSON, TACKMAN & COMPANY, PLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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**MEMBER MACPA**

**OFFICES IN**  
**MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

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

We have audited the financial statements of the governmental activities, the business-type activities, aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Antrim, Michigan for the year ended December 31, 2017, and have issued our report thereon dated June 25, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated November 21, 2017, 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 November 21, 2017.

### **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 25, 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.

### **Fund Closing (Prior Year)**

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

Status: Corrected.

### **Other Postemployment Benefits (Prior Year)**

In June 2015, the Governmental Accounting Standards Board issued Statement Number 75 – “Financial Reporting for Postemployment Benefits other than Pensions.” The standard addresses how to measure long-term liabilities and annual costs of Other Postemployment Benefits (OPEB) for the purposes of reporting them in the financial statements. The standard does not apply to how a governmental unit should fund future OPEB payments, however. The standard makes significant changes which will increase the liability and may adjust annual OPEB expense as well. A net OPEB liability will be reported in the employer’s statement of net position which could amount to a significant increase than past amounts reported. The OPEB expense will also be significantly more volatile, since there will likely be two sets of calculations for expense and funding. Additionally, changes in methods and assumptions used in the actuarial calculations, more extensive footnote disclosures and required supplementary information will be needed.

The standard is effective for fiscal years beginning after June 15, 2017. We encourage the Board and management to review the provisions of this new standard and anticipate its effect on the financial reporting process.

Status: Will be implemented in fiscal 2018.

### **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: In progress.

### **Disbursements**

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**

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.

### **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 donates 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 payment to be made.

### **Single Approach for Reporting Leases (Continued)**

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](http://www.gasb.org).

### **Other Matters**

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

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

### **Conclusion**

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



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

June 25, 2018