

County of Crawford, Michigan

BASIC FINANCIAL STATEMENTS

September 30, 2014

COUNTY OF CRAWFORD, MICHIGAN

ORGANIZATION

MEMBERS OF THE COUNTY COMMISSION

CHAIRMAN	DAVE STEPHENSON
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COUNTY CONTROLLER	PAUL COMPO
COUNTY TREASURER	JOSEPH WAKELEY
COUNTY CLERK	SANDRA MOORE

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Chairman and
Members of the Board of Commissioners
County of Crawford, Michigan
Grayling, Michigan 49738

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the County of Crawford, Michigan, as of and for the year ending September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Crawford County Road Commission, which is a discretely presented component unit, and 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component unit.

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 Crawford County Road Commission, which represents 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component unit. 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 Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Chairman and
Board of Commissioners
County of Crawford, Michigan

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 financial statement presentation of the financial statements.

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, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 9, page 42, and pages 43 through 47 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 and other auditors 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.

Honorable Chairman and
Board of Commissioners
County of Crawford, Michigan

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Crawford, Michigan's basic financial statements. The combining nonmajor fund financial statements and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, and schedule of expenditures of federal awards 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2015 on our consideration of the County of Crawford, 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 Crawford, Michigan's internal control over financial reporting and compliance.


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

February 16, 2015

Management's Discussion and Analysis

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide financial statements.

The County as a Whole

2014 was a challenging fiscal year for Crawford County for a variety of reasons. While the nation's economy seemed to trend upward, the State of Michigan and Crawford County lagged behind. As a rural and generally impoverished area, the taxable value for the area along with the amount of public land makes it difficult to make large strides ahead in a fiscal sense. As we move forward it will be critical that we manage our reserves and make wise spending decisions, until our economy can catch up with the rest of the nation.

Aside from the fiscal challenges, there were various accomplishments throughout the year worth mentioning. To begin with, two new little league fields were completed. This was a project that was made possible by a grant through the Land Water Conservation Fund and let out to bid in 2013. Construction began in the spring of 2014 and was finished by the end of June. This provides the youth with two new fields for 9 years old - 12 years old. Additionally, we started a sobriety court project in conjunction with three other counties as a way to rehabilitate qualified offenders without costly incarceration. The intensive treatment program that qualified individuals have to complete has an encouraging success rate of preventing recidivism.

Another accomplishment realized in 2014 was a long term lease with Harrietta Hills Trout Farm that allows the organization to use the Grayling Fish Hatchery property for commercial fish production. In 2012, the Grayling Recreational Authority notified the county that they would no longer be able to operate the fish hatchery as a summer tourist attraction. It appeared that this tradition was going to end after close to 30 years of operation. Shortly after that, the owner of Harrietta Hills Trout Farm approached the County Board with the idea that they would operate the facility as a tourist destination in the summer if they were allowed to engage in commercial fish production year round. Although this raised a number of concerns with the conservation and outdoor groups, after two years, we were able to establish a long-term public/private partnership that should positively impact the community well into the future.

In a condensed format, the table below shows the net position of Crawford County as of September 2014 and 2013.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 4,555,049	\$ 5,013,483	\$ 3,472,675	\$ 3,257,174	\$ 8,027,724	\$ 8,270,657
Capital Assets	7,664,799	7,873,078	-	-	7,664,799	7,873,078
Total Assets	\$ 12,219,848	\$ 12,886,561	\$ 3,472,675	\$ 3,257,174	\$ 15,692,523	\$ 16,143,735
Current Liabilities	\$ 494,739	\$ 597,545	\$ 1,001,227	\$ 907,933	\$ 1,495,966	\$ 1,505,478
Noncurrent Liabilities	3,555,549	3,620,085	-	-	3,555,549	3,620,085
Total Liabilities	4,050,288	4,217,630	1,001,227	907,933	5,051,515	5,125,563
Net Position						
Net Investment in						
Capital Assets	6,119,799	6,134,078	-	-	6,119,799	6,134,078
Restricted	727,141	1,201,537	-	-	727,141	1,201,537
Unrestricted	1,322,620	1,333,316	2,471,448	2,349,241	3,794,068	3,682,557
Total Net Position	\$ 8,169,560	\$ 8,668,931	\$ 2,471,448	\$ 2,349,241	\$ 10,641,008	\$ 11,018,172

The current level of unrestricted net position for our governmental activities stands at \$1,322,620 or about 13.06% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net position of the governmental activities decreased 5.76%. Net position of the business – type activities increased 5.20%.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues						
Charges for Services	\$ 2,141,089	\$ 2,203,451	\$ 507,105	\$ 448,230	\$ 2,648,194	\$ 2,651,681
Operating Grants and Contributions	2,217,555	1,704,401	-	-	2,217,555	1,704,401
General Revenues						
Property Taxes	4,827,025	4,746,597	-	-	4,827,025	4,746,597
Federal, State, Local - General	236,742	16,487	-	-	236,742	16,487
Investment Earnings	24,068	38,460	2,496	3,016	26,564	41,476
Other Revenue	-	-	-	138,996	-	138,996
Transfers	184,329	216,082	(184,329)	(216,082)	-	-
Total Revenues	9,630,808	8,925,478	325,272	374,160	9,956,080	9,299,638
Program Expenses						
Legislative	121,641	119,263	-	-	121,641	119,263
Judicial	1,659,259	1,387,080	-	-	1,659,259	1,387,080
General Government	1,768,880	1,910,431	-	-	1,768,880	1,910,431
Public Safety	3,690,171	3,537,248	-	-	3,690,171	3,537,248
Health and Welfare	1,853,613	1,860,767	-	-	1,853,613	1,860,767
Community/Economic Development	60,267	15,002	-	-	60,267	15,002
Recreation and Culture	702,539	493,833	-	-	702,539	493,833
Interest Expense - Unallocated	74,703	81,913	-	-	74,703	81,913
Other Expenses	199,106	245,235	-	-	199,106	245,235
Sheriff Commissary	-	-	29,694	26,658	29,694	26,658
Tax Collection	-	-	173,371	149,502	173,371	149,502
Total Expenses	10,130,179	9,650,772	203,065	176,160	10,333,244	9,826,932
Changes in Net Position	(499,371)	(725,294)	122,207	198,000	(377,164)	(527,294)
Net Position - Beginning	8,668,931	9,394,225	2,349,241	2,151,241	11,018,172	11,545,466
Net Position - Ending	\$ 8,169,560	\$ 8,668,931	\$ 2,471,448	\$ 2,349,241	\$ 10,641,008	\$ 11,018,172

Governmental Activities

Governmental activities show an increase in total revenues and total expenses. However, a notable decrease in Net Position has occurred due to the utilization of reserves. Reserves were used to shore up various budgets due to unforeseen developments throughout the year. One of these developments would have to be attributed to the number of taxable value reductions awarded by the Tax Tribunal over the last five years. This, along with the State of Michigan reducing personnel property tax eligibility and granting property tax exemptions to qualified veterans has significantly impacted the County’s revenue. On the expense side, the County experienced three separate lawsuits involving wrongful death, wrongful termination and jurisdictional questions that resulted in a 51.8% increase in our insurance expense. The County needed to utilize available reserves to offset the reduction in anticipated revenue along with the increase in expense.

Business-Type Activities

The County business-type activities are very limited. The only funds of this type would include the Sheriff Commissary Fund and funds associated with delinquent taxes. The bulk of the Commissary Fund expenditures are on commodities the inmates can purchase if they desire. As for delinquent taxes, there are three years that currently have balances within a revolving fund. Aside from these two examples, there are no other business-type activities within the County.

The County's Funds

Our analysis of the County's major funds begins on page 12 following the entity wide financial statements. The individual fund financial statements provide detailed information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as a specific property tax millage or other dedicated revenues. The County's major funds for 2014 include the General Fund, Revenue Sharing Reserve, County Library, and Housing Commission.

General Fund Budgetary Highlights

The General Fund supports most of the County's governmental services. The lion's share is dedicated to law enforcement and the adjudication process. This would include the Sheriff's Road Patrol, Prosecutor's Office and the Jail, along with the bulk of court functions. The balance of the General Fund activities are used in community service type departments.

Although tax revenue did increase slightly in 2014, overall revenue for the General Fund increased due to the amount of transfers compared to FY 2013. The transfer from revenue sharing funds increased by more than 100% along with transfers from other funds increasing by 89%. The total budget for Public Health was funded by a transfer from the General Fund as compared to only a portion of the funds coming from the General Fund in 2013.

Due to the harsh winter, heating fuel costs increased by 48% over 2013. The General Fund also experienced an increase in the state medical insurance claims tax of 214% and the aforementioned increase in insurance liability costs. The main capital outlay from the General Fund was also related to heating and cooling. The County replaced a HVAC roof top unit along with a domestic hot water boiler for the jail. These were unplanned expenses. By using reserves, we were able to offset these expenses within the General Fund, but as discussed, we did lower our net position as a result.

Other Funds

The bulk of the County's special revenue funds remained consistent to last year in revenues and expenditures. Those that did see changes would include the Sheriff's Road Patrol Millage Fund. This fund experienced a 4.3% drop in revenue, compounded with a 3.5% drop the previous year. The future funding levels of this fund will be a concern moving forward. The County expects to exhaust all fund balance in this fund by the end of FY 2015. As this is a consistent trend services will need to be cut back, there will need to be other revenue designated for this fund or some of the expenses within this fund will need to be absorbed in another fund. The Central Dispatch fund is in a similar position. This fund experienced a 7.3% reduction in revenue from 2013 which had experienced a 5.7% reduction from the previous year. This is possibly related to the overall economy and a projected decrease in the population of the county. Knowing these trends, the county did not replace the retiring Director in favor of transferring oversight of this unit to the Sheriff's office.

The County-wide recycling fund completed its first complete year. This service is funded by a voluntary assessment of \$6 per year on all improved residential properties. Local units have the option of assessing their improved residential properties or paying an equal amount, from some other source, to the County's recycling fund. This was a program that was destined to end due to lack of funding that has experienced new life by all the local units working together to continue this service to the community.

Capital Asset and Debt Administration

During the 2014 period, the County invested \$37,041 in capital assets that meet the dollar threshold of the reporting requirement. These investments include vehicles and equipment. At year end, the County had invested \$7,664,799 in capital assets.

The County reduced its bond and lease debt load by \$1,499,000 in principal payments in 2014 ending with a debt balance of \$2,540,000. \$1,305,000 was for payments on delinquent tax notes with the balance put toward bonds for the Animal Control, County Building addition, and Library buildings and equipment leases.

Component Units

Separately issued financial statements and management's discussion and analysis can be obtained from the Crawford County Road Commission.

Economic Factors and Next Year's Budgets and Rates

Crawford County remains cautiously optimistic about the economy going forward in 2015. Small indications such as revenue increases within the Building Department along with the first increases in taxable value have given us all reason to celebrate. Unfortunately, Crawford County will still face the challenges of expenses increasing at a much faster pace than the recent revenue increases. The County has initiated a number of projects, started in fiscal 2014 but moving forward in 2015. Jet fuel is now available at the airport. The anticipation that the additional fuel sales into the future should create a revenue neutral enterprise at the Crawford County Air Terminal.

The AuSable Valley Youth Services counseling agency closed its doors in 2014. This agency started as a DHS project back in the 1970's to counsel at-risk youth in our community. As it evolved it became a county agency in fiduciary responsibilities only. Due to program availability and changing industry standards the agency found it much harder to obtain the necessary funding to continue its programming. As a result, they were forced to close this past October.

In November, the voters of Crawford County approved 0.25 mills for Veterans Services. This will allow the County to hire its own Veterans Service Officer. It is anticipated that once hired, trained and certified this individual will be instrumental in accessing needed and entitled benefits to our growing veteran population. This will not only help service a worthy population that we owe a debt to, by accessing benefits to which they are entitled, this will have an economic impact to our community as well.

Also, this past November, the voters of Crawford County agreed to a one time millage to pay off the current bond for our Animal Shelter. In 2007 the County issued a capital improvement bond through USDA-RD to construct an Animal Shelter. The County then leased the shelter to the AuSable Valley Animal Shelter, a 501(C)3 for their operation. The consideration was that the non-profit would reimburse the County for the cost of the bond. Recently, the non-profit was struggling to meet their budgetary needs and there was a concern they would have to close their doors. This would mean that the County would not only have to take over the shelter operation but also budget the cost of the annual bond payment. The solution was a one-time voted millage to retire the bond. With the voters support, the non-profit will be able to continue their operation with less budgetary pressure while the County can avoid taking responsibility for the bond payment. We estimate the savings on interest to be in the neighborhood of \$250,000.

Crawford County is still very susceptible to policies at the State and Federal level. Changes in the methods of reimbursement for state programs are always a concern. The changes in personal property tax legislation, including discussion to include utility personal property, along with the changes in property tax exemptions could have significant impact on our budgets. On the federal side, the implementation of the Affordable Care Act and its impact, along with federal PILT funding, will be a concern moving forward. As always, Crawford County will monitor these issues along with many others so that adjustments can be made that will be in the best interest of our community.

Contacting the County's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the County Administrator at 200 W. Michigan Ave., Grayling, MI 49738.

Basic Financial Statements

Statement of Net Position
September 30, 2014

	Primary Government			Road
	Governmental Activities	Business-type Activities	Total	Commission Component Unit
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 1,730,752	\$ 709,252	\$ 2,440,004	\$ 4,938,351
Receivables:				
Accounts	52,372	-	52,372	515,117
Grants	568,312	-	568,312	-
Taxes	1,568,132	1,291,056	2,859,188	-
Interest	-	165,042	165,042	-
Notes	1,878,411	-	1,878,411	-
Prepaid Items	29,159	-	29,159	81,919
Inventory	5,911	-	5,911	444,488
Internal Loans	(1,278,000)	1,278,000	-	-
Other Assets	-	29,325	29,325	-
Capital Assets (Not Depreciated)	4,930,000	-	4,930,000	73,092
Capital Assets (Net of Accumulated Depreciation)	2,734,799	-	2,734,799	9,496,535
TOTAL ASSETS	\$ 12,219,848	\$ 3,472,675	\$ 15,692,523	\$ 15,549,502
LIABILITIES:				
Accounts Payable	\$ 82,272	\$ 3,543	\$ 85,815	\$ 495,743
Accrued Liabilities	135,139	-	135,139	45,827
Accrued Interest Payable	26,668	-	26,668	-
Advances from State	5,830	-	5,830	200,646
Due to Other Governmental Units	45,830	2,684	48,514	-
Unearned Revenue	-	-	-	3,919,918
Capitalized Leases - Due within one year	-	-	-	65,878
Capitalized Leases - Due in more than one year	-	-	-	612,159
Notes Payable - Due within one year	-	995,000	995,000	-
Bonds Payable - Due within one year	199,000	-	199,000	-
Bonds Payable - Due in more than one year	1,346,000	-	1,346,000	-
Vested Employee Benefits - Due in more than one year	100,022	-	100,022	167,666
OPEB - Due in more than one year	2,109,527	-	2,109,527	28,732
TOTAL LIABILITIES	4,050,288	1,001,227	5,051,515	5,536,569
NET POSITION:				
Net Investment in Capital Assets	6,119,799	-	6,119,799	8,891,590
Restricted	727,141	-	727,141	1,121,343
Unrestricted	1,322,620	2,471,448	3,794,068	-
TOTAL NET POSITION	\$ 8,169,560	\$ 2,471,448	\$ 10,641,008	\$ 10,012,933

County of Crawford, Michigan

Statement of Activities Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Road Commission Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental Activities:								
Legislative	\$ 121,641	\$ -	\$ -	\$ -	\$ (121,641)	\$ -	\$ (121,641)	\$ -
Judicial	1,659,259	551,453	832,376	-	(275,430)	-	(275,430)	-
General Government	1,768,880	373,686	329,777	-	(1,065,417)	-	(1,065,417)	-
Public Safety	3,690,171	718,835	180,145	-	(2,791,191)	-	(2,791,191)	-
Health and Welfare	1,853,613	238,541	815,270	-	(799,802)	-	(799,802)	-
Community/Economic Development	60,267	10,181	-	-	(50,086)	-	(50,086)	-
Recreation and Culture	702,539	248,393	59,987	-	(394,159)	-	(394,159)	-
Interest Expense - Unallocated	74,703	-	-	-	(74,703)	-	(74,703)	-
Other Expenses	199,106	-	-	-	(199,106)	-	(199,106)	-
Total Governmental Activities	10,130,179	2,141,089	2,217,555	-	(5,771,535)	-	(5,771,535)	-
Business-type Activities:								
Sheriff Commissary	29,694	35,785	-	-	-	6,091	6,091	-
Tax Collection	173,371	471,320	-	-	-	297,949	297,949	-
Total Business-type Activities	203,065	507,105	-	-	-	304,040	304,040	-
Total Primary Government	\$ 10,333,244	\$ 2,648,194	\$ 2,217,555	\$ -	(5,771,535)	304,040	(5,467,495)	-
Component Unit:								
Road Commission	\$ 3,938,360	\$ 1,071,300	\$ 2,835,902	\$ 437,647				406,489
Total Component Units	3,938,360	1,071,300	2,835,902	437,647				406,489
Total	\$ 14,271,604	\$ 3,719,494	\$ 5,053,457	\$ 437,647				
General Revenues and Transfers:								
Taxes					4,827,025	-	4,827,025	537,451
Federal, State, and Local - General					236,742	-	236,742	23,078
Investment Earnings					24,068	2,496	26,564	560
Gain on Equipment Disposal					-	-	-	(2,652)
Transfers					184,329	(184,329)	-	-
Total General Revenues and Transfers					5,272,164	(181,833)	5,090,331	558,437
Change in Net Position					(499,371)	122,207	(377,164)	964,926
Net Position - Beginning					8,668,931	2,349,241	11,018,172	9,048,007
Net Position - Ending					<u>\$ 8,169,560</u>	<u>\$ 2,471,448</u>	<u>\$ 10,641,008</u>	<u>\$ 10,012,933</u>

County of Crawford, Michigan

Balance Sheet Governmental Funds September 30, 2014

	General	Revenue Sharing Reserve	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:						
Cash and Equivalents - Unrestricted	\$ 418,836	\$ 87,037	\$ 384,975	\$ 62,681	\$ 773,855	\$ 1,727,384
Receivables:						
Accounts	-	-	-	-	52,372	52,372
Grants	139,758	-	-	14,823	413,731	568,312
Taxes	1,565,396	-	601	-	2,135	1,568,132
Notes	-	-	-	1,711,382	167,029	1,878,411
Inventory	-	-	-	-	5,911	5,911
Prepaid Items	29,159	-	-	-	-	29,159
Due from Other Funds	97	37,239	-	-	298,561	335,897
TOTAL ASSETS	<u>\$ 2,153,246</u>	<u>\$ 124,276</u>	<u>\$ 385,576</u>	<u>\$ 1,788,886</u>	<u>\$ 1,713,594</u>	<u>\$ 6,165,578</u>
LIABILITIES:						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 81,914	\$ 81,914
Accrued Liabilities	79,744	-	5,265	1,769	48,361	135,139
Due to Other Funds	1,351,000	-	-	97	307,300	1,658,397
Due to Other Governmental Units	-	-	-	-	1,330	1,330
Unearned Revenue	-	-	-	1,711,382	172,859	1,884,241
TOTAL LIABILITIES	<u>1,430,744</u>	<u>-</u>	<u>5,265</u>	<u>1,713,248</u>	<u>611,764</u>	<u>3,761,021</u>
FUND BALANCES:						
Nonspendable	29,159	-	-	-	5,911	35,070
Restricted	-	124,276	-	75,638	527,227	727,141
Committed	-	-	380,311	-	479,471	859,782
Assigned	-	-	-	-	89,221	89,221
Unassigned	693,343	-	-	-	-	693,343
TOTAL FUND BALANCES	<u>722,502</u>	<u>124,276</u>	<u>380,311</u>	<u>75,638</u>	<u>1,101,830</u>	<u>2,404,557</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,153,246</u>	<u>\$ 124,276</u>	<u>\$ 385,576</u>	<u>\$ 1,788,886</u>	<u>\$ 1,713,594</u>	

Reconciliation to amounts reported for governmental activities in the statement of net position:

Capital assets used by governmental activities	7,664,799
Long-term bonds payable for governmental activities	(1,545,000)
Other post employment benefit liability	(2,109,527)
Compensated absences liability	(100,022)
Internal service funds activity	3,010
Deferred revenue recognized as current revenue	1,878,411
Accrued interest expense	(26,668)
Net position of governmental activities	<u>\$ 8,169,560</u>

County of Crawford, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2014

	General	Revenue Sharing Reserve	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Taxes	\$ 3,600,527	\$ -	\$ 243,887	\$ -	\$ 982,611	\$ 4,827,025
Licenses and Permits	28,649	-	-	-	12,027	40,676
Federal Sources	33,721	-	-	183,519	471,502	688,742
State Sources	555,723	-	10,803	12,133	723,048	1,301,707
Local Sources	-	-	-	-	215,079	215,079
Charges for Services	732,705	-	-	-	762,524	1,495,229
Interest and Rentals	10,388	1,088	335	30	12,227	24,068
Other Revenues	224,609	-	248,393	91,221	213,503	777,726
TOTAL REVENUES	5,186,322	1,088	503,418	286,903	3,392,521	9,370,252
EXPENDITURES:						
Legislative	121,641	-	-	-	-	121,641
Judicial	1,015,205	-	-	-	680,743	1,695,948
General Government	1,402,873	-	-	-	318,528	1,721,401
Public Safety	2,157,914	-	-	-	1,270,499	3,428,413
Health and Welfare	136,456	-	-	263,921	1,446,761	1,847,138
Recreation and Cultural	-	-	481,303	-	192,355	673,658
Community/Economic Development	-	-	-	-	60,267	60,267
Capital Outlay	13,937	-	-	-	-	13,937
Debt Service	-	-	-	-	271,020	271,020
Other Expenditures	150,330	-	-	-	-	150,330
TOTAL EXPENDITURES	4,998,356	-	481,303	263,921	4,240,173	9,983,753
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	187,966	1,088	22,115	22,982	(847,652)	(613,501)
OTHER FINANCING SOURCES (USES):						
Transfers In	286,929	-	-	-	1,231,716	1,518,645
Transfers Out	(465,727)	(319,800)	-	-	(548,789)	(1,334,316)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	9,168	(318,712)	22,115	22,982	(164,725)	(429,172)
FUND BALANCES, OCTOBER 1	713,334	442,988	358,196	52,656	1,266,555	2,833,729
FUND BALANCES, SEPTEMBER 30	\$ 722,502	\$ 124,276	\$ 380,311	\$ 75,638	\$ 1,101,830	\$ 2,404,557

County of Crawford, Michigan

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2014

Net changes in fund balances - total governmental funds \$ (429,172)

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

Notes are recorded in the statement of activities as revenues when executed; they are not reported in the funds until collected or collectible within 60 days after year end. 76,227

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of (\$200,881) and an adjustment of (\$44,439) to depreciation exceeded capital outlay of \$37,041 in the current period. (208,279)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Principal repayments:
Bonds Payable 194,000

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Postemployment Benefits (197,492)
Accrued Interest on Bonds 2,317
Compensated Absences 63,028

Changes in net position of governmental activities \$ (499,371)

**Statement of Net Position
Proprietary Funds
September 30, 2014**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2013 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
ASSETS:					
Cash and Equivalents- Unrestricted	\$ 605,236	\$ 69,562	\$ 34,454	\$ 709,252	\$ 3,368
Receivables:					
Taxes	-	946,522	344,534	1,291,056	-
Interest	2,112	66,034	96,896	165,042	-
Due from Other Funds	360,000	-	1,118,000	1,478,000	-
Other Assets	14	18,543	10,768	29,325	-
TOTAL ASSETS	\$ 967,362	\$ 1,100,661	\$ 1,604,652	\$ 3,672,675	\$ 3,368
LIABILITIES:					
Accounts Payable	\$ -	\$ 896	\$ 2,647	\$ 3,543	\$ 358
Notes Payable - Due within one year	-	995,000	-	995,000	-
Due to Other Funds	-	-	200,000	200,000	-
Due to Other Governmental Units	-	-	2,684	2,684	-
TOTAL LIABILITIES	-	995,896	205,331	1,201,227	358
NET POSITION:					
Unrestricted	967,362	104,765	1,399,321	2,471,448	3,010
TOTAL NET POSITION	\$ 967,362	\$ 104,765	\$ 1,399,321	\$ 2,471,448	\$ 3,010

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
Year Ended September 30, 2014**

	Enterprise Funds			Totals	Governmental Activites
	Prior Delinquent Tax	2013 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
OPERATING REVENUES:					
Charges for Services	\$ 1,236	\$ 30,766	\$ 263,164	\$ 295,166	\$ -
Interest and Rentals	1,500	91,842	118,597	211,939	-
TOTAL OPERATING REVENUES	<u>2,736</u>	<u>122,608</u>	<u>381,761</u>	<u>507,105</u>	<u>-</u>
OPERATING EXPENSES:					
Supplies	-	-	38,586	38,586	-
Contracted Services	-	-	47,959	47,959	-
Other Expenses	8,525	13,858	87,154	109,537	-
TOTAL OPERATING EXPENSES	<u>8,525</u>	<u>13,858</u>	<u>173,699</u>	<u>196,082</u>	<u>-</u>
OPERATING INCOME (LOSS)	<u>(5,789)</u>	<u>108,750</u>	<u>208,062</u>	<u>311,023</u>	<u>-</u>
NON-OPERATING REVENUES (EXPENSES):					
Interest on Deposits	2,496	-	-	2,496	-
Interest Expense	-	(3,985)	(2,998)	(6,983)	-
TOTAL NON-OPERATING REVENUES	<u>2,496</u>	<u>(3,985)</u>	<u>(2,998)</u>	<u>(4,487)</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>(3,293)</u>	<u>104,765</u>	<u>205,064</u>	<u>306,536</u>	<u>-</u>
Transfers In	356,344	-	47,329	403,673	-
Transfers Out	(47,329)	-	(540,673)	(588,002)	-
CHANGE IN NET POSITION	305,722	104,765	(288,280)	122,207	-
NET POSITION, OCTOBER 1	<u>661,640</u>	<u>-</u>	<u>1,687,601</u>	<u>2,349,241</u>	<u>3,010</u>
NET POSITION, SEPTEMBER 30	<u>\$ 967,362</u>	<u>\$ 104,765</u>	<u>\$ 1,399,321</u>	<u>\$ 2,471,448</u>	<u>\$ 3,010</u>

County of Crawford, Michigan

Statement of Cash Flows Proprietary Funds Year Ended September 30, 2014

	Enterprise Funds			Totals	Governmental
	Prior Delinquent Tax	2013 Delinquent Tax	Nonmajor Enterprise		Activities Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 630	\$ 837,440	1,313,617	\$ 2,151,687	\$ -
Payments to Suppliers	(8,537)	(1,758,893)	(172,268)	(1,939,698)	(120)
Internal Activity - Payments/Receipts with Other Funds	(302,000)	-	213,553	(88,447)	-
Net Cash Provided (Used) by Operating Activities	<u>(309,907)</u>	<u>(921,453)</u>	<u>1,354,902</u>	<u>123,542</u>	<u>(120)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Note Proceeds	-	1,400,000	-	1,400,000	-
Principal Payments	-	(405,000)	(900,000)	(1,305,000)	-
Interest Payments	-	(3,985)	(2,998)	(6,983)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>991,015</u>	<u>(902,998)</u>	<u>88,017</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:					
Transfers In	356,344	-	47,329	403,673	-
Transfers Out	(47,329)	-	(540,673)	(588,002)	-
Net Cash Provided (Used) by Non-Capital And Related Financing Activities	<u>309,015</u>	<u>-</u>	<u>(493,344)</u>	<u>(184,329)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Deposits	2,496	-	-	2,496	-
Net Cash Provided by Investing Activities	<u>2,496</u>	<u>-</u>	<u>-</u>	<u>2,496</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	1,604	69,562	(41,440)	29,726	(120)
Cash and Equivalents - Beginning of the Year	603,632	-	75,894	679,526	3,488
Cash and Equivalents - End of the Year	<u>\$ 605,236</u>	<u>\$ 69,562</u>	<u>\$ 34,454</u>	<u>\$ 709,252</u>	<u>\$ 3,368</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (5,789)	\$ 108,750	\$ 208,062	\$ 311,023	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Change in Assets and Liabilities:					
(Increase) Decrease in Assets:					
Taxes Receivable	-	(946,522)	863,224	(83,298)	-
Interest Receivable	(2,112)	(66,034)	57,870	(10,276)	-
Other Assets	6	(18,543)	13,336	(5,201)	-
Due from Other Funds	(302,000)	-	165,000	(137,000)	-
Increase (Decrease) in Liabilities:					
Accounts Payable	-	896	1,238	2,134	(120)
Due to Other Funds	-	-	50,000	50,000	-
Due to Governmental Units	(12)	-	(3,828)	(3,840)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (309,907)</u>	<u>\$ (921,453)</u>	<u>\$ 1,354,902</u>	<u>\$ 123,542</u>	<u>\$ (120)</u>

**Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2014**

	<u>Agency Funds</u>
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 1,726,041
Due from Other Funds	44,600
Due from Others	44,679
Taxes Receivable	<u>1,185</u>
 TOTAL ASSETS	 <u><u>\$ 1,816,505</u></u>
 LIABILITIES:	
Accounts Payable	\$ 29,223
Due to Other Funds	100
Due to Others	176,972
Due to Other Governmental Units	<u>1,610,210</u>
 TOTAL LIABILITIES	 <u><u>\$ 1,816,505</u></u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County of Crawford, Michigan, conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The following is a summary of the significant accounting policies used by the County:

A – Reporting Entity:

The County of Crawford, Michigan was organized in 1845 and covers an area approximately 576 square miles with the County Seat located in Grayling, Michigan. The County is governed by an elected seven member board. As required by accounting principles generally accepted in the United States of America, these basic financial statements present the County of Crawford and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

Component Units:

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Blended Component Units

Crawford County 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.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the Road Commission. The following is a summary of the component unit:

Crawford County Road Commission - The members of the governing board of the Road Commission are elected by the voters of Crawford County. Although the County does not have the authority to approve or modify the Road Commission's operational and capital budgets, bonded debt must be approved by the County Commission. Complete financial statements of the individual component unit can be obtained from the following:

Crawford County Road Commission
500 Huron Street
Grayling, MI 49738

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organization

District #10 Health Department - The County of Crawford, in conjunction with nine other counties, has created the District #10 Health Department. The Board of the Health Department is composed of 20 members from each of the boards of the participating governments. The County of Crawford appropriated \$105,000 to the District #10 Health Department for the year ended September 30, 2014.

Northern Lakes Community Mental Health Authority - The County of Crawford, in conjunction with Grand Traverse, Leelanau, Missaukee, Wexford and Roscommon, has created the Northern Lakes Community Mental Health Authority. The board of the Authority is composed of 16 members from each of the boards of the participating governments. The County of Crawford appropriated \$35,600 to the Authority for the year ended September 30, 2014.

Multi-County Agency – The County participates jointly in the operation of the Otsego-Crawford County Department of Human Services (a special revenue fund of Otsego and Crawford County). Most financial operations of the Agency are recorded in Otsego County.

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 units. 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. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, 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. 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. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

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.

Taxes Receivable – Current or Property Taxes

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

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

The 2013 taxable valuation of the County of Crawford totaled \$537,783,385, on which ad valorem taxes levied consisted of .2100 mills for Library Debt, .4458 mills for Library Operating, .8917 mills for Sheriff Operating, .7185 mills for Commission on Aging, .4845 mills for Recreation Authority, .7027 mills for Public Transit, raising \$113,172 for Library Debt, \$240,248 for Library Operating, \$480,550 for Sheriff Operating, \$387,210 for Commission on Aging, \$261,104 for Recreation Authority, and \$378,695 for Public Transit. These amounts are recognized in the respective General, Special Revenue, and Agency Fund financial statements as taxes receivable – current or as tax revenue.

The July 1, 2014 taxable valuation of County of Crawford totaled \$543,645,925, on which ad valorem taxes levied consisted of 6.8925 mills for the General Fund raising \$3,296,635, this amount is recognized in the General Fund financial statements as revenue.

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.

Revenue Sharing Reserve

The Revenue Sharing Reserve fund accounts for tax monies set aside to fund revenue sharing for the County for the next four years.

County Library

The County Library provides cultural and educational enrichment to the residents of Crawford County.

Housing Commission

This fund provides loans to individuals in Crawford County for low income housing and rehabilitation of existing homes.

The County reports the following major proprietary funds:

Prior Delinquent Tax Fund

This fund accounts for the collection of delinquent taxes.

2013 Delinquent Tax Fund

This fund accounts for the collection of delinquent taxes.

Additionally, the County reports the following fund types:

Special Revenue Funds - The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

Debt Service Funds - The debt service funds accounts for the servicing of general long-term debt not being financed by proprietary or permanent trust funds.

Internal Service Funds - Internal service funds account for the operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

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

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

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories and Prepaid Items – Except for the Commission on Aging, all other inventories, including the cost of supplies, are expensed when purchased. Certain payments for insurance charges reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, 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 are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years
Infrastructure – Roads	8 to 20 years
Infrastructure – Bridges	12 to 30 years

Vested Benefits Payable – County General Employees - The County’s employment policies provide for vacation benefits to be earned in varying amounts depending on the employee’s years of service.

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. Employees are required to use their vacation leave in accordance with the applicable bargaining unit contract. Under special circumstances, the carry-over provision may be exceeded if authorized by the Board.

The County’s employment policies provide for sick leave benefits to be earned in accordance with the applicable bargaining unit contract. When employees separate from employment with the County, bargaining unit employees are entitled to be compensated for earned paid leave time that has accrued. However, non-union employees have no such entitlement to accrued time off.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 no items that qualify for reporting in this category.

Long-Term Obligations – In the government-wide financial statements and the proprietary fund types in the 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.

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 Board has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the 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. The County has committed \$859,782 for specific fund purposes.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Unearned Revenues – Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

- a. Each September, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing October 1 and lapses on September 30. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

- e. The budget and approved appropriations lapse at the end of the fiscal year.
- f. The County does not record encumbrances in the accounting records during the year as normal practice and, therefore, no outstanding encumbrances exist at year end.

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

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

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Cash and Equivalents – Unrestricted	\$ 1,730,752	\$ 709,252	\$ 2,440,004	\$ 1,726,041	\$ 4,938,351
Total	<u>\$ 1,730,752</u>	<u>\$ 709,252</u>	<u>\$ 2,440,044</u>	<u>\$ 1,726,041</u>	<u>\$ 4,938,351</u>
		<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>	
Bank Deposits (checking and savings accounts, certificates of deposit and money markets)		\$ 2,428,297	\$ 1,726,041	\$ 4,938,151	
Petty Cash and Cash on Hand		<u>11,747</u>	<u>-</u>	<u>200</u>	
Total		<u>\$ 2,440,044</u>	<u>\$ 1,726,041</u>	<u>\$ 4,938,351</u>	

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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

Credit risk. State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The County has no investment policy that would further limit its investment choices.

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$2,546,430 of the County's bank balance of \$4,312,290 was exposed to credit risk because it was uninsured and uncollateralized.

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.

The County’s deposits and investment policy are in accordance with statutory authority.

These deposits are in various financial institutions in varying amounts. All accounts are in the name of the County and specific funds. They are recorded in County records at cost. Interest is recorded when the deposits mature or is credited to the applicable account.

NOTE 4 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 4,930,000	\$ -	\$ -	\$ 4,930,000
<i>Capital assets being depreciated:</i>				
Buildings and improvements	7,353,506	-	-	7,353,506
Furniture and equipment	425,608	9,600	-	435,208
Vehicles	440,261	27,441	-	467,702
Subtotal	<u>8,219,375</u>	<u>37,041</u>	<u>-</u>	<u>8,256,416</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balances</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(4,623,546)	(134,428)	-	(4,757,974)
Furniture and equipment	(335,669)	(37,317)	(1,541)	(374,527)
Vehicles	(317,082)	(29,136)	(42,898)	(389,116)
Subtotal	<u>(5,276,297)</u>	<u>(200,881)</u>	<u>(44,439)</u>	<u>(5,521,617)</u>
Net capital assets being depreciated	<u>2,943,078</u>	<u>(163,840)</u>	<u>(44,439)</u>	<u>2,734,799</u>
Capital Assets – Net of Depreciation	<u>\$ 7,873,078</u>	<u>\$ (163,840)</u>	<u>\$ (44,439)</u>	<u>\$ 7,664,799</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:

Judicial	\$ 1,021
General Government	57,507
Public Safety	101,113
Recreation and Culture	28,881
Health and Welfare	<u>12,359</u>

Total Governmental Activities \$ 200,881

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land and land improvements	<u>\$ 73,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,092</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,891,058	30,641	-	1,921,699
Equipment – road	4,339,460	224,149	(35,499)	4,528,110
Equipment – shop	73,859	-	-	73,859
Equipment – office	151,328	-	-	151,328
Equipment – engineer	13,450	-	-	13,450
Depletable assets	50,282	-	-	50,282
Infrastructure – roads	<u>7,285,700</u>	<u>1,363,916</u>	<u>-</u>	<u>8,649,616</u>
Subtotal	<u>13,805,137</u>	<u>1,618,706</u>	<u>(35,499)</u>	<u>15,388,344</u>

NOTE 4 - CAPITAL ASSETS (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Less accumulated depreciation:</i>				
Buildings	(814,564)	(36,363)	-	(850,927)
Equipment – road	(3,489,796)	(341,968)	32,246	(3,799,518)
Equipment – shop	(65,983)	(2,228)	-	(68,211)
Equipment – office	(149,252)	(1,149)	-	(150,401)
Equipment – engineer	(9,362)	(1,696)	-	(11,058)
Depletable assets	(49,107)	-	-	(49,107)
Infrastructure – roads	<u>(672,010)</u>	<u>(290,577)</u>	<u>-</u>	<u>(962,587)</u>
Subtotal	<u>(5,250,074)</u>	<u>(673,981)</u>	<u>32,246</u>	<u>(5,891,809)</u>
Net capital assets being depreciated	<u>8,555,063</u>	<u>944,725</u>	<u>(3,253)</u>	<u>9,496,535</u>
Capital Assets – Net of Depreciation	<u>\$ 8,628,155</u>	<u>\$ 944,725</u>	<u>\$ (3,253)</u>	<u>\$ 9,569,627</u>

Depreciation expense was charged to the programs of the Crawford County Road Commission as follows:

Public Works:	
Net Equipment Expense	\$ 363,712
Net Administrative Expense	9,162
Infrastructure	290,577
Salt Storage Sheds	<u>10,530</u>
Total Depreciation	<u>\$ 673,981</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

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

		DUE FROM OTHER FUNDS						
		General	Revenue Sharing Reserve	Nonmajor Governmental	Prior Delinquent Tax	Nonmajor Enterprise	Fiduciary	Total
DUE TO OTHER FUNDS	General	\$ -	\$ -	\$ 28,400	\$ 360,000	\$ 918,000	\$ 44,600	\$ 1,351,000
	Housing Commission	97	-	-	-	-	-	97
	Nonmajor Governmental	-	37,139	270,161	-	-	-	307,300
	Nonmajor Enterprise	-	-	-	-	200,000	-	200,000
	Fiduciary	-	<u>100</u>	-	-	-	-	<u>100</u>
	Total	<u>\$ 97</u>	<u>\$ 37,239</u>	<u>\$ 298,561</u>	<u>\$ 360,000</u>	<u>\$ 1,118,000</u>	<u>\$ 44,600</u>	<u>\$ 1,858,497</u>

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

		TRANSFERS OUT					
TRANSFERS IN		General Fund	Revenue Sharing Reserve	Nonmajor Governmental	Prior Delinquent Tax	Nonmajor Enterprise	Total
		General Fund	\$ -	\$ -	\$ 102,600	\$ -	\$ 184,329
	Nonmajor Governmental	465,727	319,800	446,189	-	-	1,231,716
	Prior Delinquent Tax	-	-	-	-	356,344	356,344
	Nonmajor Enterprise	-	-	-	47,329	-	47,329
	Total	<u>\$ 465,727</u>	<u>\$ 319,800</u>	<u>\$ 548,789</u>	<u>\$ 47,329</u>	<u>\$ 540,673</u>	<u>\$ 1,922,318</u>

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

NOTE 6 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government.

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance	Due Within One Year
Governmental Activities							
General Obligation Bonds							
2000 Library	4.5-5.1%	2015	\$ 200,000	\$ -	\$ (100,000)	\$ 100,000	\$ 100,000
2007 Animal Control Building	4.125%	2036	354,000	-	(9,000)	345,000	9,000
Capital Improvement Bonds Series 2009	4.270%	2024	<u>1,185,000</u>	<u>-</u>	<u>(85,000)</u>	<u>1,100,000</u>	<u>90,000</u>
Total Governmental Activities			<u>\$ 1,739,000</u>	<u>\$ -</u>	<u>\$ (194,000)</u>	<u>\$ 1,545,000</u>	<u>\$ 199,000</u>

NOTE 6 - LONG-TERM DEBT (Continued)

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Adjustments/ Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-Type Activities							
Limited Tax Notes							
2013 Tax Notes Series	Variable*	2015	\$ 900,000	\$ -	\$ (900,000)	\$ -	\$ -
2014 Tax Notes Series	Variable*	2016	-	1,400,000	(405,000)	995,000	995,000
Total Business-Type Activities			<u>\$ 900,000</u>	<u>\$ 1,400,000</u>	<u>\$ (1,305,000)</u>	<u>\$ 995,000</u>	<u>\$ 995,000</u>

Other Information on Long-Term Debt

The General Obligation Tax Notes were issued to finance the 100 percent Tax Payment Funds for the purchase of delinquent real property taxes in accordance with the provisions of Sections 211.87b, 211.87c, and 211.87d of the 1979 Compiled Laws, as amended. The assets of the respective 100 percent Tax Payment Funds are pledged for the payment of principal and interest on these notes.

* Interest payments vary according to payment dates and interest rates.

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

<u>Year End September 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 199,000	\$ 67,684
2016	105,000	59,266
2017	110,000	55,292
2018	111,000	50,859
2019	116,000	46,155
2020-2024	671,000	146,706
2025-2029	77,000	40,240
2030-2034	92,000	22,978
2035-2037	<u>64,000</u>	<u>4,044</u>
Total	<u>\$ 1,545,000</u>	<u>\$ 493,224</u>

The changes in vested benefits are summarized as follows:

<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>
\$ 163,050	\$ (63,028)	\$ 100,022

The Long-Term Debt of the Road Commission is composed of six items; four capitalized leases, net OPEB obligations, and vested vacation and sick leave.

NOTE 6 - LONG-TERM DEBT (Continued)

Component Unit:	<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Capitalized leases	\$ 742,040	\$ (64,003)	\$ 678,037	\$ 65,878
Net OPEB obligation	30,430	(1,698)	28,732	-
Compensated absences	<u>154,840</u>	<u>12,826</u>	<u>167,666</u>	<u>-</u>
	<u>\$ 927,310</u>	<u>\$ (52,875)</u>	<u>\$ 874,435</u>	<u>\$ 65,878</u>

Capital Leases – The County Road Commission leases various equipment under capital leases with monthly lease payments ranging from \$1,212 to \$2,082, including interest rates ranging from 1.3287% to 4.203%. The leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present values are as follows:

2015	\$ 83,534
2016	343,297
2017	<u>285,778</u>
Total minimum lease payments	712,609
Less amount representing interest	<u>(34,572)</u>
Present value of minimum lease payment	<u>\$ 678,037</u>

NOTE 7 - CONTINGENT LIABILITIES

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at September 30, 2014.

Litigation - The County is involved in various lawsuits now pending. It is the opinion of the County and of its counsel that the outcome of the various lawsuits will not materially affect the operations or the financial position of the County. The amount of all legal costs relating to such actions is not currently determinable.

NOTE 8 - RISK MANAGEMENT

In 1996, the County of Crawford signed the Michigan Township Participating Plan, which is a risk management program that will lessen or prevent the incidence or severity of casualty losses in the operations of its members. The programs are subject to change in the future. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The County is unable to provide an estimate of the amounts of any potential additional assessments.

NOTE 9 - 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 multiplied by the sum of 2.0-2.50 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2013.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

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

Annual Pension Cost

During the fiscal year ended September 30, 2014, the County's contributions totaling \$519,013 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2013. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 26 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent attributable to inflation and additional projected salary increases of .30 to 8.40 percent per year depending on age, attributable to seniority/merit.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 549,486	100%	0
2013	521,803	100%	0
2014	519,013	100%	0

ROAD COMMISSION

Description of Plan and Plan Assets

The Road Commission has an agent, multi-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.0 percent or 2.25 percent times the final compensation (FAC), with a maximum benefit of 80% FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2013.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission’s competitive bargaining unit and personnel policy, which require employees to contribute based on gross wages by County Road Commission only.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Annual Pension Cost

For year ended September 30, 2014, the Crawford County Road Commission’s pension cost of \$379,774 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as December 31, 2013, using the entry age normal actuarial funding method. Significant actuarial assumptions used in determining the actuarial accrued liability include (a) a rate of return on the investment of present and future assets of 8%; (b) projected salary increases of 4.5% per year compounded annually in the long-term, (1% annually for calendar years 2012-2014) attributable to inflation, and (c) additional projected salary increases of 0.0% to 13.0% depending on age attributable to seniority/merit.. Unfunded actuarial liabilities, if any, were amortized as a level percent of payroll over a period of 26 years. The following table provides a schedule of contribution amounts and percentages fore recent years.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 342,238	100%	0
2013	350,442	100%	0
2014	379,774	100%	0

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS

Primary Government

Plan Description. The County administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees through the County’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the County and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Crawford County has the authority to establish and amend the obligations of Crawford County and plan members to contribute to the plan. Active plan members are currently not obligated to make contributions to the plan. The County will not, at this time, make contributions in excess of benefits as they come due. The County pays single or double medical coverage that is capped at \$900 per year.

Annual OPEB Cost and Net OPEB Obligation. The County’s annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). 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 Retiree Health Plan:

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual required contribution	\$ 354,575
Interest on net OPEB obligation	76,481
Adjustment to annual required contribution	<u>(135,508)</u>
Annual OPEB cost (expense)	295,548
Contributions made	<u>(98,056)</u>
Increase in net OPEB obligation	197,492
Net OPEB obligation – beginning of year	<u>1,912,035</u>
Net OPEB obligation – end of year	<u>\$ 2,109,527</u>

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

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 281,726	39%	\$ 1,738,797
2013	\$ 281,726	39%	\$ 1,912,035
2014	\$ 295,548	33%	\$ 2,109,527

Funded Status and Funding Progress. As of September 30, 2012, the actuarial accrued liability for benefits was \$3,536,453, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was unavailable, and the ratio of the unfunded actuarial accrued liability to the covered payroll was unavailable.

Actuarial valuation of an ongoing plan involve 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 the notes to the financial statements, 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.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

In the December 31, 2012, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

Component Unit – Road Commission

In addition to the pension benefits described in Note 9, the Crawford County Road Commission provides post employment health care benefits as follows:

Plan Description: The Road Commission administers a single employer defined benefit healthcare plan. The Plan provides healthcare insurance for eligible employees and their spouses through the Road Commission's group insurance plan which covers both active and retired members. Benefit provisions are established and may be amended by the Board of County Road Commissioners.

Funding Policy: An employee hired after July 2, 2002 must be age 55 or older with 15 years of service at their retirement date to qualify for post retirement health care benefits. An employee hired prior to July 2, 2002 that retires at age 55 or older with less than 10 years of service does not qualify for postretirement healthcare benefits. The benefits are pro-rated for employees hired prior to July 2, 2002 retiring at 55 or older with at least 10 but less than 15 years of service. The pro-rated benefits at 10 years of service are 50% and increase 10% for each additional year of service until 100% is reached at 15 years of services.

The Road Commission pays the health insurance premium for the retiree and 50% of the premium expense for the spouse for retirees aged 55-64.

Beginning at age 65, the Road Commission pays the lesser of 50% or \$150 per month of the retiree's monthly premium for supplemental insurance. The same amount is paid for the retiree's spouse when the spouse is age 65 or older. Spouses under the age of 65 are eligible for COBRA coverage for 36 months with the Road Commission paying 50% of the premium. Once the 36 months have expired and the spouse is under age 65, the Road Commission will pay 50% of the monthly insurance premium rate as determined under the union negotiated contract. These benefits are provided for the retiree until death or age 80, whichever event occurs first. If the retiree dies, the surviving spouse continues to receive the benefit until the deceased retiree would have reached the age of 80.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation: The Road Commission’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). 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 an unfunded actuarial liabilities (or funding excess) over a period not to exceed 15 years. The following table shows the components of the Road Commission’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Road Commission’s net OPEB obligation to the Plan for the plan year ended September 30, 2014:

Annual required contribution	\$ 116,912
Interest on prior year net OBEB obligation	<u>913</u>
Annual OPEB cost	117,825
Contributions made	<u>(119,523)</u>
Decrease in net OPEB obligation	(1,698)
Net OPEB obligation – beginning of year	<u>30,430</u>
Net OPEB obligation – end of year	<u><u>\$ 28,732</u></u>

The Road Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended September 30, 2012, 2013, and 2014 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 119,039	82.88%	\$ 37,503
2013	\$ 114,631	106.17%	\$ 30,430
2014	\$ 117,825	101.44%	\$ 28,732

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 actuarial assumptions were used in the development of the Crawford County Road Commission’s retiree health cost projections:

1. Actuarial Cost Method: Alternate Method as provided under GASB 45 for plans with fewer than 100 employees.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

2. Interest Discount Rate: 3.00% compounded annually
3. Mortality Prior to Retirement: None
4. Turnover Prior to Retirement: Based on GASB 45 – Table 1 in paragraph 45b
5. Payroll Growth Rate: 3%
6. Healthcare Cost Assumption: National Health Care Expenditures Projections
7. Post Retirement Mortality Rate: National Center for Health Statistics mortality tables

NOTE 11 - NOTES RECEIVABLE

The following is a summary of the notes receivable:

	<u>Balance</u> <u>10/01/13</u>	<u>Adjustments/</u> <u>Additions</u>	<u>Adjustments/</u> <u>Reductions</u>	<u>Balance</u> <u>09/30/14</u>
Housing Commission:				
Loans	\$ 1,630,279	\$ 81,103	\$ -	\$ 1,711,382
Milltown	33,283	3,077	-	36,360
Economic Development Fund	<u>138,622</u>	<u>-</u>	<u>(7,953)</u>	<u>130,669</u>
TOTALS	<u>\$ 1,802,184</u>	<u>\$ 84,180</u>	<u>\$ (7,953)</u>	<u>\$ 1,878,411</u>

NOTE 12 - NET POSITION RESTRICTIONS

Net asset restrictions are described as follows:

Government Activities	\$ 727,141	Restricted for Revenue Sharing, Housing Commission and Other Governmental Purposes
Component Unit	\$ 1,121,343	Restricted for Roads

Required Supplementary Information

**Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Funding Progress
September 30, 2014**

Pension:

PRIMARY GOVERNMENT

Three year trend information as of December 31st follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 11,405,524	\$ 11,689,659	\$ 12,346,721
Actuarial Accrued Liability	16,123,521	16,631,819	17,503,191
Unfunded AAL	4,717,997	4,942,160	5,156,470
Funded Ratio	71%	70%	71%
Covered Payroll	2,634,948	2,649,523	2,604,719
UAAL as a Percentage of Covered Payroll	179%	187%	198%

ROAD COMMISSION

Three year trend information as of December 31st follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 3,241,325	\$ 3,268,097	\$ 3,343,504
Actuarial Accrued Liability	7,479,153	7,758,490	8,099,918
Unfunded (Overfunded) AAL	4,237,828	4,490,393	4,756,414
Funded Ratio	43%	42%	41%
Covered Payroll	1,276,527	1,338,097	1,383,890
UAAL as a Percentage of Covered Payroll	332%	336%	334%

Health Plan:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) / c)</u>
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PRIMARY GOVERNMENT

2008	\$	-	\$ 5,784,181	\$ 5,784,181	0.0%	Not Available	Not Available
2009		-	5,784,181	5,784,181	0.0%	Not Available	Not Available
2012		-	3,536,453	3,536,453	0.0%	Not Available	Not Available

ROAD COMMISSION

2010	\$	-	\$ 1,353,806	\$ 1,353,806	0.0%	Not Available	Not Available
2013	\$	-	\$ 1,702,597	\$ 1,702,597	0.0%	Not Available	Not Available

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 3,625,411	\$ 3,599,411	\$ 3,600,527	\$ 1,116
Licenses and Permits	28,650	29,650	28,649	(1,001)
Federal Sources	35,082	25,082	33,721	8,639
State Sources	538,934	575,934	555,723	(20,211)
Charges for Services	727,245	738,245	732,705	(5,540)
Interest and Rentals	12,000	12,500	10,388	(2,112)
Other Revenue	63,750	213,250	224,609	11,359
TOTAL REVENUES	5,031,072	5,194,072	5,186,322	(7,750)
EXPENDITURES:				
Legislative:				
Board of Commissioners	120,475	121,675	121,641	34
Judicial:				
Trial Court	873,981	882,981	872,752	10,229
Court Appointed Attorneys	144,112	140,812	140,738	74
Jury Commission	2,000	2,000	1,715	285
Total Judicial	1,020,093	1,025,793	1,015,205	10,588
General Government:				
Corporate Counsel	3,500	6,000	5,907	93
Elections	29,750	19,750	19,749	1
County Clerk	246,600	236,600	236,396	204
Controller's Office	149,600	133,400	133,360	40
Equalization	201,905	177,405	177,219	186
Prosecuting Attorney	283,450	286,650	286,535	115
COOP Reimbursement Program	5,650	5,650	4,838	812
Crime Victims Program	38,725	37,425	37,243	182
Purchasing	48,250	58,750	58,543	207
County Treasurer	158,650	161,650	161,315	335
Data Processing	63,485	68,485	68,192	293
Buildings and Grounds	159,500	213,700	213,576	124
Total General Government	1,389,065	1,405,465	1,402,873	2,592
Public Safety:				
Sheriff	883,863	878,113	877,879	234
Marine Department	17,700	11,700	11,383	317
Snowmobile Safety	9,815	10,815	10,574	241
Bailiff	13,800	13,800	13,632	168
Secondary Road Patrol	93,077	80,577	80,169	408
Seasonal Traffic Safety	11,415	12,915	12,908	7
Jail	1,057,255	1,032,255	1,031,477	778
Inmate Transportation	3,950	19,450	19,161	289
ORV Grant	7,435	18,435	18,253	182
Emergency Preparedness	30,767	22,267	21,937	330
Animal Control	56,361	60,861	60,541	320
Total Public Safety	2,185,438	2,161,188	2,157,914	3,274

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare:				
Cigarette Tax	-	500	395	105
Mental Health	35,600	35,600	35,600	-
Contagious Disease	500	500	13	487
Substance Abuse	46,300	56,300	55,838	462
Medical Examiner	45,500	37,000	36,677	323
Burial Expense	5,500	8,000	7,933	67
Total Health and Welfare	<u>133,400</u>	<u>137,900</u>	<u>136,456</u>	<u>1,444</u>
Capital Outlay	<u>4,000</u>	<u>14,000</u>	<u>13,937</u>	<u>63</u>
Other Expenditures:				
Fringe Benefits	11,250	20,750	20,506	244
Insurance	94,500	126,000	125,819	181
Other	6,000	4,500	4,005	495
Total Other Expenditures	<u>111,750</u>	<u>151,250</u>	<u>150,330</u>	<u>920</u>
TOTAL EXPENDITURES	<u>4,964,221</u>	<u>5,017,271</u>	<u>4,998,356</u>	<u>18,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	66,851	176,801	187,966	11,165
OTHER FINANCING SOURCES (USES):				
Transfers In	274,050	283,100	286,929	3,829
Transfers Out	<u>(415,901)</u>	<u>(484,901)</u>	<u>(465,727)</u>	<u>19,174</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (75,000)</u>	<u>\$ (25,000)</u>	9,168	<u>\$ 34,168</u>
FUND BALANCE, OCTOBER 1			<u>713,334</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 722,502</u>	

County of Crawford, Michigan

**Required Supplementary Information
Budgetary Comparison Schedule
Revenue Sharing Reserve Fund
Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest and Rentals	\$ 500	\$ 500	\$ 1,088	\$ 588
TOTAL REVENUES	500	500	1,088	588
OTHER FINANCING SOURCES (USES):				
Transfers Out	(319,800)	(319,800)	(319,800)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (319,300)</u>	<u>\$ (319,300)</u>	(318,712)	<u>\$ 588</u>
FUND BALANCE, OCTOBER 1			<u>442,988</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 124,276</u>	

County of Crawford, Michigan

**Required Supplementary Information
Budgetary Comparison Schedule
County Library Fund
Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 248,500	\$ 248,500	\$ 243,887	\$ (4,613)
State Sources	8,250	8,250	10,803	2,553
Interest and Rentals	400	400	335	(65)
Other Revenue	121,000	124,000	248,393	124,393
TOTAL REVENUES	378,150	381,150	503,418	122,268
EXPENDITURES:				
Recreation and Culture	546,217	569,817	481,303	88,514
TOTAL EXPENDITURES	546,217	569,817	481,303	88,514
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (168,067)	\$ (188,667)	22,115	\$ 210,782
FUND BALANCE, OCTOBER 1			358,196	
FUND BALANCE, SEPTEMBER 30			\$ 380,311	

Required Supplementary Information
 Budgetary Comparison Schedule
 Housing Commission
 Year Ended September 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 129,000	\$ 174,000	\$ 183,519	\$ 9,519
State Sources	15,000	15,000	12,133	(2,867)
Interest and Rentals	-	-	30	30
Other Revenue	68,500	68,500	91,221	22,721
TOTAL REVENUES	<u>212,500</u>	<u>257,500</u>	<u>286,903</u>	<u>29,403</u>
EXPENDITURES:				
Health and Welfare	231,770	276,770	263,921	12,849
TOTAL EXPENDITURES	<u>231,770</u>	<u>276,770</u>	<u>263,921</u>	<u>12,849</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (19,270)</u>	<u>\$ (19,270)</u>	22,982	<u>\$ 42,252</u>
FUND BALANCE, OCTOBER 1			<u>52,656</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 75,638</u>	

Other Information

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

Special Revenue Funds

	Revenue Sharing	Economic Development	Regional DWI Sobriety Court	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 246	\$ 1,362	\$ 785	\$ 1,646	\$ 68,538	\$ 494	\$ 3,634	\$ 13
Receivables:								
Accounts	-	-	-	-	-	10,122	-	75
Grants	-	-	139,673	-	-	-	58,822	-
Taxes	-	-	-	-	1,191	-	-	-
Notes	-	167,029	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	101,761	-	-	-	-	-	75,000	15,000
TOTAL ASSETS	<u>\$ 102,007</u>	<u>\$ 168,391</u>	<u>\$ 140,458</u>	<u>\$ 1,646</u>	<u>\$ 69,729</u>	<u>\$ 10,616</u>	<u>\$ 137,456</u>	<u>\$ 15,088</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 7,229	\$ 1,202	\$ 6,174	\$ 86	\$ 6,133	\$ -
Accrued Liabilities	-	-	4,278	216	10,159	-	5,789	-
Due to Other Funds	-	-	118,000	-	-	3,000	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenue	-	167,029	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>167,029</u>	<u>129,507</u>	<u>1,418</u>	<u>16,333</u>	<u>3,086</u>	<u>11,922</u>	<u>-</u>
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	1,362	10,951	-	53,396	-	-	-
Committed	102,007	-	-	-	-	-	125,534	-
Assigned	-	-	-	228	-	7,530	-	15,088
TOTAL FUND BALANCES	<u>102,007</u>	<u>1,362</u>	<u>10,951</u>	<u>228</u>	<u>53,396</u>	<u>7,530</u>	<u>125,534</u>	<u>15,088</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 102,007</u>	<u>\$ 168,391</u>	<u>\$ 140,458</u>	<u>\$ 1,646</u>	<u>\$ 69,729</u>	<u>\$ 10,616</u>	<u>\$ 137,456</u>	<u>\$ 15,088</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

Special Revenue Funds

	Sports Complex	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	Building and Zoning
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 661	\$ 30,816	\$ 1,645	\$ 113,590	\$ 1,310	\$ 5,298	\$ 19,742	\$ 346
Receivables:								
Accounts	13,482	-	-	19,665	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	36,000
TOTAL ASSETS	<u>\$ 14,143</u>	<u>\$ 30,816</u>	<u>\$ 1,645</u>	<u>\$ 133,255</u>	<u>\$ 1,310</u>	<u>\$ 5,298</u>	<u>\$ 19,742</u>	<u>\$ 36,346</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 148	\$ 16	\$ 918	\$ -	\$ 2,106	\$ -	\$ 439
Accrued Liabilities	-	22	-	1,187	-	-	-	1,677
Due to Other Funds	10,000	-	-	16,500	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>10,000</u>	<u>170</u>	<u>16</u>	<u>18,605</u>	<u>-</u>	<u>2,106</u>	<u>-</u>	<u>2,116</u>
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	4,143	30,646	-	114,650	-	3,192	-	-
Assigned	-	-	1,629	-	1,310	-	19,742	34,230
TOTAL FUND BALANCES	<u>4,143</u>	<u>30,646</u>	<u>1,629</u>	<u>114,650</u>	<u>1,310</u>	<u>3,192</u>	<u>19,742</u>	<u>34,230</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 14,143</u>	<u>\$ 30,816</u>	<u>\$ 1,645</u>	<u>\$ 133,255</u>	<u>\$ 1,310</u>	<u>\$ 5,298</u>	<u>\$ 19,742</u>	<u>\$ 36,346</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

Special Revenue Funds

	Sheriff's Youth Services	Homestead P.R.E. Audit	Remonu- mentation	Register of Deeds Automation	MSU Extension	Drug Enforcement	Law Library	911
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 666	\$ 4,885	\$ 3,998	\$ 575	\$ 361	\$ 6,952	\$ 2,800	\$ 13,634
Receivables:								
Accounts	-	-	-	-	-	-	-	-
Grants	-	-	-	-	-	-	-	105,004
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	12,000	-	20,000	-	9,000	-	-	-
TOTAL ASSETS	<u>\$ 12,666</u>	<u>\$ 4,885</u>	<u>\$ 23,998</u>	<u>\$ 575</u>	<u>\$ 9,361</u>	<u>\$ 6,952</u>	<u>\$ 2,800</u>	<u>\$ 118,638</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 3,555	\$ -	\$ -	\$ -	\$ -	\$ 496	\$ -
Accrued Liabilities	-	-	-	-	179	-	-	8,138
Due to Other Funds	-	-	-	-	-	-	-	110,500
Due to Other Governmental Units	-	1,330	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>4,885</u>	<u>-</u>	<u>-</u>	<u>179</u>	<u>-</u>	<u>496</u>	<u>118,638</u>
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	12,666	-	23,998	-	9,182	6,952	-	-
Assigned	-	-	-	575	-	-	2,304	-
TOTAL FUND BALANCES	<u>12,666</u>	<u>-</u>	<u>23,998</u>	<u>575</u>	<u>9,182</u>	<u>6,952</u>	<u>2,304</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,666</u>	<u>\$ 4,885</u>	<u>\$ 23,998</u>	<u>\$ 575</u>	<u>\$ 9,361</u>	<u>\$ 6,952</u>	<u>\$ 2,800</u>	<u>\$ 118,638</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Special Revenue Funds							
	2009 Homeland Security	Correction Officer Training	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust	Youth Services Bureau	Hatchery Restoration
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 327	\$ 11,183	\$ 6,375	\$ 54	\$ 6,585	\$ 2,157	\$ 431	\$ 16,190
Receivables:								
Accounts	-	-	-	-	-	-	9,028	-
Grants	39,673	-	-	68,938	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	10,800
TOTAL ASSETS	<u>\$ 40,000</u>	<u>\$ 11,183</u>	<u>\$ 6,375</u>	<u>\$ 68,992</u>	<u>\$ 6,585</u>	<u>\$ 2,157</u>	<u>\$ 9,459</u>	<u>\$ 26,990</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 19,939	\$ -	\$ -	\$ 648	\$ 53
Accrued Liabilities	-	-	-	4,262	-	-	1,287	-
Due to Other Funds	40,000	-	-	8,000	-	-	1,300	-
Due to Other Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>32,201</u>	<u>-</u>	<u>-</u>	<u>3,235</u>	<u>53</u>
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	6,375	36,791	-	-	-	-
Committed	-	11,183	-	-	-	2,157	6,224	26,937
Assigned	-	-	-	-	6,585	-	-	-
TOTAL FUND BALANCES	<u>-</u>	<u>11,183</u>	<u>6,375</u>	<u>36,791</u>	<u>6,585</u>	<u>2,157</u>	<u>6,224</u>	<u>26,937</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 40,000</u>	<u>\$ 11,183</u>	<u>\$ 6,375</u>	<u>\$ 68,992</u>	<u>\$ 6,585</u>	<u>\$ 2,157</u>	<u>\$ 9,459</u>	<u>\$ 26,990</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Special Revenue Funds		Debt Service Funds		Capital Project Fund	Totals
	Commission on Aging	Court House Preservation	Library Debt	Animal Shelter	County Building Renovation	
ASSETS:						
Cash and Equivalents - Unrestricted	\$ 360,575	\$ 937	\$ 67,989	\$ 16,601	\$ 454	\$ 773,855
Receivables:						
Accounts	-	-	-	-	-	52,372
Grants	1,621	-	-	-	-	413,731
Taxes	639	-	305	-	-	2,135
Notes	-	-	-	-	-	167,029
Inventory	5,911	-	-	-	-	5,911
Due from Other Funds	-	19,000	-	-	-	298,561
TOTAL ASSETS	<u>\$ 368,746</u>	<u>\$ 19,937</u>	<u>\$ 68,294</u>	<u>\$ 16,601</u>	<u>\$ 454</u>	<u>\$ 1,713,594</u>
LIABILITIES:						
Accounts Payable	\$ 32,772	\$ -	\$ -	\$ -	\$ -	\$ 81,914
Accrued Liabilities	11,167	-	-	-	-	48,361
Due to Other Funds	-	-	-	-	-	307,300
Due to Other Governmental Units	-	-	-	-	-	1,330
Unearned Revenue	5,830	-	-	-	-	172,859
TOTAL LIABILITIES	<u>49,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>611,764</u>
FUND BALANCES:						
Nonspendable	5,911	-	-	-	-	5,911
Restricted	313,066	19,937	68,294	16,601	454	527,227
Committed	-	-	-	-	-	479,471
Assigned	-	-	-	-	-	89,221
TOTAL FUND BALANCES	<u>318,977</u>	<u>19,937</u>	<u>68,294</u>	<u>16,601</u>	<u>454</u>	<u>1,101,830</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 368,746</u>	<u>\$ 19,937</u>	<u>\$ 68,294</u>	<u>\$ 16,601</u>	<u>\$ 454</u>	<u>\$ 1,713,594</u>

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2014

	Special Revenue Funds							
	Revenue Sharing	Economic Development	Regional DWI Sobriety Court	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 484,967	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	227,334	-
Licenses and Permits	-	-	-	-	-	-	12,027	-
State Sources	-	-	199,458	-	-	-	-	-
Local Sources	-	-	-	25,356	-	64,060	-	-
Charges for Services	-	-	2,068	27,616	-	-	18,946	4,209
Interest and Rentals	-	215	-	-	-	-	-	-
Other Revenues	20,000	10,053	-	-	-	-	-	-
TOTAL REVENUES	20,000	10,268	201,526	52,972	484,967	64,060	258,307	4,209
EXPENDITURES:								
General Government	-	-	-	54,747	-	-	-	-
Judicial	-	-	211,292	-	-	84,546	322,796	588
Public Safety	-	-	-	-	535,644	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	14	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	14	211,292	54,747	535,644	84,546	322,796	588
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,000	10,254	(9,766)	(1,775)	(50,677)	(20,486)	(64,489)	3,621
OTHER FINANCING SOURCES (USES):								
Transfers In	364,800	-	20,717	-	5,000	25,263	77,500	-
Transfers Out	(373,789)	(155,000)	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	11,011	(144,746)	10,951	(1,775)	(45,677)	4,777	13,011	3,621
FUND BALANCES, OCTOBER 1	90,996	146,108	-	2,003	99,073	2,753	112,523	11,467
FUND BALANCES, SEPTEMBER 30	\$ 102,007	\$ 1,362	\$ 10,951	\$ 228	\$ 53,396	\$ 7,530	\$ 125,534	\$ 15,088

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2014

	Special Revenue Funds							
	Sports Complex	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	Building and Zoning
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	84,182	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	49,184	-	-	-	1,308	-	-	-
Local Sources	-	-	-	-	-	30,000	-	-
Charges for Services	-	128	-	96,188	-	-	-	92,829
Interest and Rentals	-	11,390	-	294	-	-	-	-
Other Revenues	-	-	-	-	-	-	-	-
TOTAL REVENUES	49,184	11,518	-	96,482	1,308	30,000	84,182	92,829
EXPENDITURES:								
General Government	-	-	-	97,174	-	-	84,182	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	1,308	63,867	-	105,705
Health and Welfare	-	-	103,676	-	-	-	-	-
Community/Economic Development	-	60,253	-	-	-	-	-	-
Recreation and Culture	183,931	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	183,931	60,253	103,676	97,174	1,308	63,867	84,182	105,705
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(134,747)	(48,735)	(103,676)	(692)	-	(33,867)	-	(12,876)
OTHER FINANCING SOURCES (USES):								
Transfers In	130,000	50,000	105,000	-	-	34,250	-	12,950
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(4,747)	1,265	1,324	(692)	-	383	-	74
FUND BALANCES, OCTOBER 1	8,890	29,381	305	115,342	1,310	2,809	19,742	34,156
FUND BALANCES, SEPTEMBER 30	\$ 4,143	\$ 30,646	\$ 1,629	\$ 114,650	\$ 1,310	\$ 3,192	\$ 19,742	\$ 34,230

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2014

	Special Revenue Funds							
	Sheriff's Youth Services	Homestead P.R.E. Audit	Remonu- mentation	Register of Deeds Automation	MSU Extension	Drug Enforcement	Law Libray	911
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	-	41,297	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	470,600
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenues	12,088	-	-	261	-	2,566	2,500	-
TOTAL REVENUES	12,088	-	41,297	261	-	2,566	2,500	470,600
EXPENDITURES:								
General Government	-	-	41,421	-	41,004	-	-	-
Judicial	-	-	-	-	-	-	11,216	-
Public Safety	7,490	-	-	-	-	5,000	-	505,768
Health and Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	7,490	-	41,421	-	41,004	5,000	11,216	505,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,598	-	(124)	261	(41,004)	(2,434)	(8,716)	(35,168)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	3,000	19,972	42,275	-	8,750	13,239
Transfers Out	-	-	-	(20,000)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	4,598	-	2,876	233	1,271	(2,434)	34	(21,929)
FUND BALANCES, OCTOBER 1	8,068	-	21,122	342	7,911	9,386	2,270	21,929
FUND BALANCES, SEPTEMBER 30	\$ 12,666	\$ -	\$ 23,998	\$ 575	\$ 9,182	\$ 6,952	\$ 2,304	\$ -

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2014

	Special Revenue Funds							
	2009 Homeland Security	Correction Officer Training	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust	Youth Services Bureau	Hatchery Restoration
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	39,673	-	-	11,859	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	-	-	308,251	-	17,601	55,228	-
Local Sources	-	-	-	77,363	-	-	-	-
Charges for Services	-	5,300	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	2,000	-	-	-	-
TOTAL REVENUES	39,673	5,300	-	399,473	-	17,601	55,228	-
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	39,673	6,044	-	-	-	-	-	-
Health and Welfare	-	-	2,000	586,989	3,500	20,898	65,153	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	8,424
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	39,673	6,044	2,000	586,989	3,500	20,898	65,153	8,424
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(744)	(2,000)	(187,516)	(3,500)	(3,297)	(9,925)	(8,424)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	2,000	175,000	3,500	-	-	1,500
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	(744)	-	(12,516)	-	(3,297)	(9,925)	(6,924)
FUND BALANCES, OCTOBER 1	-	11,927	6,375	49,307	6,585	5,454	16,149	33,861
FUND BALANCES, SEPTEMBER 30	\$ -	\$ 11,183	\$ 6,375	\$ 36,791	\$ 6,585	\$ 2,157	\$ 6,224	\$ 26,937

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2014

	Special Revenue Funds		Debt Service Funds		Capital Project Fund	Totals
	Commission on Aging	Court House Preservation	Library Debt	Animal Shelter	County Building Renovation	
REVENUES:						
Taxes	\$ 383,493	\$ -	\$ 114,151	\$ -	\$ -	\$ 982,611
Federal Sources	108,454	-	-	-	-	471,502
Licenses and Permits	-	-	-	-	-	12,027
State Sources	50,721	-	-	-	-	723,048
Local Sources	2,000	-	-	16,300	-	215,079
Charges for Services	44,640	-	-	-	-	762,524
Interest and Rentals	328	-	-	-	-	12,227
Other Revenues	115,674	48,361	-	-	-	213,503
TOTAL REVENUES	705,310	48,361	114,151	16,300	-	3,392,521
EXPENDITURES:						
General Government	-	-	-	-	-	318,528
Judicial	-	50,305	-	-	-	680,743
Public Safety	-	-	-	-	-	1,270,499
Health and Welfare	664,545	-	-	-	-	1,446,761
Community/Economic Development	-	-	-	-	-	60,267
Recreation and Culture	-	-	-	-	-	192,355
Debt Service	-	-	110,766	23,416	136,838	271,020
TOTAL EXPENDITURES	664,545	50,305	110,766	23,416	136,838	4,240,173
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	40,765	(1,944)	3,385	(7,116)	(136,838)	(847,652)
OTHER FINANCING SOURCES (USES):						
Transfers In	-	-	-	-	137,000	1,231,716
Transfers Out	-	-	-	-	-	(548,789)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	40,765	(1,944)	3,385	(7,116)	162	(164,725)
FUND BALANCES, OCTOBER 1	278,212	21,881	64,909	23,717	292	1,266,555
FUND BALANCES, SEPTEMBER 30	\$ 318,977	\$ 19,937	\$ 68,294	\$ 16,601	\$ 454	\$ 1,101,830

County of Crawford, Michigan

Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2014

	Sheriff Commissary	Tax Sale Proceeds	2004 Delinquent Tax	DTRF Admin	2005 Delinquent Tax	2006 Delinquent Tax	2007 Delinquent Tax	2008 Delinquent Tax	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax	Totals
ASSETS:													
Cash and Equivalents - Unrestricted	\$ 18,045	\$ 7,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,330	\$ 775	\$ 1,599	\$ 2,067	\$ 1,269	\$ 34,454
Receivables:													
Taxes	-	-	-	-	-	-	-	3,628	2,647	1,536	7,676	329,047	344,534
Interest	-	-	-	-	-	-	-	3,114	1,711	335	-	91,736	96,896
Due from Other Funds	-	200,000	-	-	-	-	-	120,000	113,000	340,000	345,000	-	1,118,000
Other Assets	-	-	-	-	-	-	-	-	124	2,001	2,462	6,181	10,768
TOTAL ASSETS	<u>\$ 18,045</u>	<u>\$ 207,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,072</u>	<u>\$ 118,257</u>	<u>\$ 345,471</u>	<u>\$ 357,205</u>	<u>\$ 428,233</u>	<u>\$ 1,604,652</u>
LIABILITIES:													
Accounts Payable	\$ 2,647	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,647
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	-	200,000	200,000
Due to Other Governmental Units	-	-	-	-	-	-	-	765	678	736	-	505	2,684
TOTAL LIABILITIES	<u>2,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>765</u>	<u>678</u>	<u>736</u>	<u>-</u>	<u>200,505</u>	<u>205,331</u>
NET POSITION:													
Unrestricted	15,398	207,369	-	-	-	-	-	129,307	117,579	344,735	357,205	227,728	1,399,321
TOTAL NET POSITION	<u>15,398</u>	<u>207,369</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,307</u>	<u>117,579</u>	<u>344,735</u>	<u>357,205</u>	<u>227,728</u>	<u>1,399,321</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 18,045</u>	<u>\$ 207,369</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130,072</u>	<u>\$ 118,257</u>	<u>\$ 345,471</u>	<u>\$ 357,205</u>	<u>\$ 428,233</u>	<u>\$ 1,604,652</u>

County of Crawford, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds Year Ended September 30, 2014

	Sheriff Commissary	Tax Sale Proceeds	2004 Delinquent Tax	DTRF Admin	2005 Delinquent Tax	2006 Delinquent Tax	2007 Delinquent Tax	2008 Delinquent Tax	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax	Totals
OPERATING REVENUES:													
Charges for Services	\$ 35,785	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 436	\$ 7,755	\$ 153,195	\$ 65,968	\$ 263,164
Interest and Rentals	-	-	-	-	-	-	-	-	-	-	13,897	104,700	118,597
TOTAL OPERATING REVENUES	35,785	-	-	-	-	-	-	25	436	7,755	167,092	170,668	381,761
OPERATING EXPENSES:													
Supplies	29,694	-	-	-	-	-	-	-	-	-	29	8,863	38,586
Contracted Services	-	-	-	-	-	-	-	-	-	-	10,849	37,110	47,959
Other Expenses	-	61,224	-	-	-	-	-	-	-	10	23,926	1,994	87,154
TOTAL OPERATING EXPENSES	29,694	61,224	-	-	-	-	-	-	-	10	34,804	47,967	173,699
OPERATING INCOME (LOSS)	6,091	(61,224)	-	-	-	-	-	25	436	7,745	132,288	122,701	208,062
NON-OPERATING REVENUES (EXPENSES):													
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	(2,998)	(2,998)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	-	-	-	-	-	-	-	-	(2,998)	(2,998)
INCOME (LOSS) BEFORE TRANSFERS	6,091	(61,224)	-	-	-	-	-	25	436	7,745	132,288	119,703	205,064
Transfers In	-	-	-	47,329	-	-	-	-	-	-	-	-	47,329
Transfers Out	-	-	(29,896)	(47,329)	(17,008)	(260,857)	(48,583)	-	(137,000)	-	-	-	(540,673)
NET INCOME (LOSS)	6,091	(61,224)	(29,896)	-	(17,008)	(260,857)	(48,583)	25	(136,564)	7,745	132,288	119,703	(288,280)
NET POSITION, OCTOBER 1	9,307	268,593	29,896	-	17,008	260,857	48,583	129,282	254,143	336,990	224,917	108,025	1,687,601
NET POSITION, SEPTEMBER 30	\$ 15,398	\$ 207,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,307	\$ 117,579	\$ 344,735	\$ 357,205	\$ 227,728	\$ 1,399,321

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2014**

	Sheriff Commissary	Tax Sale Proceeds	2004 Delinquent Tax	DTRF Admin	2005 Delinquent Tax	2006 Delinquent Tax	2007 Delinquent Tax	2008 Delinquent Tax	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax	Totals
Cash Flows from Operating Activities:													
Receipts from Customers	\$ 35,785	\$ -	\$ 754	\$ -	\$ 1,368	\$ 1,742	\$ 408	\$ 1,183	\$ 3,643	\$ 21,661	\$ 531,188	\$ 715,885	\$ 1,313,617
Payments to Suppliers	(28,456)	(61,224)	-	-	(312)	-	-	-	-	(10)	(34,804)	(47,462)	(172,268)
Internal Activity - Payments/Receipts with Other Funds	-	50,000	29,000	-	15,000	258,344	43,000	1,195	133,654	(21,640)	(495,000)	200,000	213,553
Net Cash Provided (Used) by Operating Activities	7,329	(11,224)	29,754	-	16,056	260,086	43,408	2,378	137,297	11	1,384	868,423	1,354,902
Cash Flows from Capital Financing Activities													
Interest Payments	-	-	-	-	-	-	-	-	-	-	-	(2,998)	(2,998)
Principal Payments	-	-	-	-	-	-	-	-	-	-	-	(900,000)	(900,000)
Net Cash Provided (Used) by Capital Financing Activities	-	-	-	-	-	-	-	-	-	-	-	(902,998)	(902,998)
Cash Flows from Noncapital Financing Activities													
Transfers In	-	-	-	47,329	-	-	-	-	-	-	-	-	47,329
Transfers Out	-	-	(29,896)	(47,329)	(17,008)	(260,857)	(48,583)	-	(137,000)	-	-	-	(540,673)
Cash Provided (Used) by Noncapital Financing Activities	-	-	(29,896)	-	(17,008)	(260,857)	(48,583)	-	(137,000)	-	-	-	(493,344)
Net Increase in Cash and Equivalents	7,329	(11,224)	(142)	-	(952)	(771)	(5,175)	2,378	297	11	1,384	(34,575)	(41,440)
Cash and Equivalents - Beginning of Year	10,716	18,593	142	-	952	771	5,175	952	478	1,588	683	35,844	75,894
Cash and Equivalents - End of Year	\$ 18,045	\$ 7,369	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,330	\$ 775	\$ 1,599	\$ 2,067	\$ 1,269	\$ 34,454
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:													
Operating Income (Loss)	\$ 6,091	\$ (61,224)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25	\$ 436	\$ 7,745	\$ 132,288	\$ 122,701	\$ 208,062
Decrease (Increase) in Assets:													
Taxes Receivable	-	-	307	-	319	754	2,400	571	2,125	9,624	275,580	571,544	863,224
Interest Receivable	-	-	447	-	406	678	582	145	1,039	4,517	78,893	(28,837)	57,870
Other Assets	-	-	-	-	643	310	-	442	43	(235)	9,623	2,510	13,336
Due from Other Funds	-	50,000	29,000	-	15,000	259,000	43,000	2,000	134,000	(22,000)	(345,000)	-	165,000
Increase (Decrease) in Liabilities:													
Accounts Payable	1,238	-	-	-	-	-	-	-	-	-	-	-	1,238
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	(150,000)	200,000	50,000
Due to Governmental Units	-	-	-	-	(312)	(656)	(2,574)	(805)	(346)	360	-	505	(3,828)
Net Cash Provided (Used) by Operating Activities	\$ 7,329	\$ (11,224)	\$ 29,754	\$ -	\$ 16,056	\$ 260,086	\$ 43,408	\$ 2,378	\$ 137,297	\$ 11	\$ 1,384	\$ 868,423	\$ 1,354,902

**Combining Agency Funds
For the Year Ended September 30, 2014**

	Agency Funds							Totals
	Trust and Agency	Transportation Authority	Penal Fines	Sheriff Inmate Trust	Short Term Disability	Employees Flex Spending	Retirement Health	
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 1,368,455	\$ 222,329	\$ 49,341	\$ 274	\$ 29,223	\$ 21	\$ 56,398	\$ 1,726,041
Due from Other Funds	-	-	-	-	-	-	44,600	44,600
Due from Others	-	-	-	-	-	79	44,600	44,679
Taxes Receivable	-	1,185	-	-	-	-	-	1,185
TOTAL ASSETS	<u>\$ 1,368,455</u>	<u>\$ 223,514</u>	<u>\$ 49,341</u>	<u>\$ 274</u>	<u>\$ 29,223</u>	<u>\$ 100</u>	<u>\$ 145,598</u>	<u>\$ 1,816,505</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 29,223	\$ -	\$ -	\$ 29,223
Due to Other Funds	-	-	-	-	-	100	-	100
Due to Others	31,100	-	-	274	-	-	145,598	176,972
Due to Other Governmental Units	1,337,355	223,514	49,341	-	-	-	-	1,610,210
TOTAL LIABILITIES	<u>\$ 1,368,455</u>	<u>\$ 223,514</u>	<u>\$ 49,341</u>	<u>\$ 274</u>	<u>\$ 29,223</u>	<u>\$ 100</u>	<u>\$ 145,598</u>	<u>\$ 1,816,505</u>

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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

Honorable Chairman and
Members of the Board of Commissioners
County of Crawford, Michigan
Grayling, Michigan 49738

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Crawford, Michigan's basic financial statements and have issued our report thereon dated February 16, 2015. Our report includes a reference to other auditors who audited the financial statements of the Crawford County Road Commission, as described in or report on the County of Crawford, 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.

Internal Control Over Financial Reporting

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

Honorable Chairman and Members
of the Board of Commissioners
County of Crawford, Michigan

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Crawford, Michigan's financial statements are free of 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*.

County of Crawford, Michigan's Response to Findings

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

Purpose of this Report

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



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

February 16, 2015



ANDERSON, TACKMAN & COMPANY, PLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Honorable Chairman and
Members of the Board of Commissioners
County of Crawford, Michigan
Grayling, Michigan 49738

Report on Compliance for Each Major Federal Program

We have audited the County of Crawford, Michigan's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Crawford, Michigan's major federal programs for the year ended September 30, 2014. The County of Crawford, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the County of Crawford, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Crawford, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

Honorable Chairman and Members
of the Board of Commissioners
County of Crawford, Michigan

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Crawford, Michigan's compliance.

Opinion on Each Major Federal Program

In our opinion, the County of Crawford, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the County of Crawford, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Crawford, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Crawford, Michigan's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Chairman and Members
of the Board of Commissioners
County of Crawford, Michigan

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anderson Tackman & Co. PLLC

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

February 16, 2015

County of Crawford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:			
ADMINISTRATION ON AGING:			
Pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.:			
Title IIID DPHP	93.043	N/A	\$ 2,450
Title IIIB Homemaking	93.044	N/A	13,400
Title IIIB Personal Care	93.044	N/A	7,100
Title IIICI Congregate Nutrition	93.045	N/A	11,045
Title IIICII Home Delivered Nutrition	93.045	N/A	29,114
Title IIIE EST	93.052	N/A	2,000
Title IIIE - Respite	93.052	N/A	9,400
NSIP Title IIICI	93.053	N/A	8,818
NSIP Title IIICII	93.053	N/A	21,710
Waiver-Medicaid	93.778	N/A	3,417
			<hr/>
Total Pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.			108,454
			<hr/>
ADMINISTRATION FOR CHILDREN AND FAMILIES:			
Pass-through from the State of Michigan Department of Human Services:			
PROFC	93.568	N/A	7,586
Prosecuting Attorney - Child Support	93.563	CS/PA-10-20002	6,032
Friend of the Court - Incentive	93.563	N/A	24,139
Friend of the Court - Child Support	93.563	CS/FOC-10-20001	203,195
			<hr/>
Total Pass-through from the State of Michigan Department of Human Services			240,952
			<hr/>
Total U.S. Department of Health & Human Services			349,406
			<hr/>
U.S. DEPARTMENT OF AGRICULTURE:			
Direct Award from the Department of Agriculture			
Rural Development	10.433	HGP 2013-2014	20,000
			<hr/>
Pass-through from the Michigan Department of Natural Resources:			
Bankhead Jones	10.665	N/A	14,980
Distributions to Schools and Roads	10.665	N/A	69,202
			<hr/>
Total Pass-through from the Michigan Department of Natural Resources			84,182
			<hr/>
Total U.S. Department of Agriculture			104,182
			<hr/>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass-through from MSHDA:			
CDBG Housing Grant Program	14.239	M-2010-0214	136,576
CDBG Housing Grant Program	14.228	MSC-2011-0214-HOA	26,943
			<hr/>
Total U.S. Department of Housing & Urban Development			163,519
			<hr/>

County of Crawford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2014

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF JUSTICE:			
Pass-through from the Michigan Department of Community Health:			
Juvenile Accountability Block Grant	16.523	JABGN-10-20001	8,000
Juvenile Accountability Block Grant	16.523	JABGN-10-20001	3,859
			<hr/>
Total Pass-through from the Michigan Department of Community Health			11,859
			<hr/>
Pass-through from the Michigan Department of State Police:			
Vests	16.607	N/A	240
			<hr/>
Total U.S. Department of Justice			12,099
			<hr/>
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through from the Michigan Department of Transportation:			
State Administered Projects	20.205	N/A	395,689
			<hr/>
Pass-through from the Michigan Department of Transportation:			
Administered by Crawford County Road Commission	20.205	N/A	17,481
			<hr/>
Total U.S. Department of Transportation			413,170
			<hr/>
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Pass-through from the Michigan Department of State Police, Emergency Management Division:			
State Homeland Security Grant 2014	97.067	N/A	39,673
Emergency Management Performance Grant (EMPG)	97.042	EMW-2014-EP-00044-S01	7,728
Emergency Management Performance Grant (EMPG)	97.042	EMW-2012-EP-00044-S01	3,135
			<hr/>
Pass-through from the Michigan Department of Natural Resources			
Marine Grant	97.012	MS 2011	9,000
			<hr/>
Total U.S. Department of Homeland Security			59,536
			<hr/>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,101,912
			<hr/> <hr/>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Crawford, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - COGNIZANT AGENCY

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Agriculture which provided the greatest amount of direct federal funding to the County during 2014.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At September 30, 2014, the County had a food commodity inventory totaling \$5,911.

NOTE D - FEDERAL GRANTS

The Michigan Department of Transportation (MDOT) requires that Road Commissions report all Federal and State grants pertaining to their county. During the year ended September 30, 2014, the Federal aid received and expended by the Road Commission was \$395,689 for contracted projects and \$17,481 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT (they are included in MDOT's single audit). Negotiated contract are projects where the road commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended \$500,000 or more for negotiated projects.

NOTE E - RECONCILIATION TO STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

The following is a reconciliation of the amounts reported on the basic financial statements to the Schedule of Expenditures of Federal Awards:

Total Federal per Financial Statements	
Revenues – Governmental Funds	\$ 688,742
Add: Component Unit Expenditures	<u>413,170</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	<u>\$ 1,101,912</u>

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of Major Programs

CFDA NUMBERS

Name of Federal Program or Cluster

93.563	Child Support Enforcement
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Significant Deficiencies

**Preparation of the Financial Statements in Accordance
with Generally Accepted Accounting Principles**

Finding 2014-001

Specific Requirement: Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 115 requires management to prepare annual audit statements in accordance with GASB Statement Number 34. (Audit report format)

Criteria: Internal controls should be in place to provide reasonable assurance to the County that management reports financial statements (with GASB Statement number 34 formats) necessary to monitor and report annual financial activity without auditor intervention.

Condition: Auditor prepares financial statements and annual report in compliance with GASB 34.

Effect: The effect of this condition places a reliance on the independent auditor as part of the County's internal controls over financial reporting.

Cause: Unknown.

Recommendation: The County should consider subcontracting financial statement preparation activities to monitor and report annual financial activity in accordance with GASB Statement Number 34.

Planned Corrective Action: As a result of limited funding, the County does not have resources to fund this process. We intend to re-evaluate once funding becomes available for the additional reporting and monitoring.

- Contact Person(s) Responsible for Correction:
Paul Compo, County Controller

Status: Unchanged.

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Additional Information

COUNTY OF CRAWFORD, MICHIGAN

ADDITIONAL INFORMATION

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Honorable Chairman and
Members of the Board of Commissioners
County of Crawford, Michigan
Grayling, Michigan 49738

Our report on our audit of the basic financial statements of the County of Crawford, Michigan, as of and for the year ended September 30, 2014, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson Tackman & Co. PLC

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

February 16, 2015

NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURE REQUIREMENTS:

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of September 30, 2014, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$1,500,000 County of Crawford General Obligation Unlimited Tax Bonds, Series 2000.
2. \$1,500,000 County of Crawford Capital Improvement Bonds, Series 2009.

NOTE 2 - TABLES:

A. MAJOR TAXPAYERS:

<u>10 Largest Taxpayers</u>	<u>2014 Taxable Valuation</u>
Weyerhaeuser	\$ 16,456,300
Grayling Generating	12,291,152
State of Michigan	7,877,992
Breitbart Operating	7,146,165
Consumers Energy	7,113,676
Linn Operating	5,613,901
Great Lakes Energy	4,387,170
Georgia Pacific	3,340,782
DTE	2,428,421
Forest Dunes	<u>2,307,967</u>
 TOTAL (represents 12% Total 2014 TV)	 <u>\$ 68,963,526</u>

B. LABOR CONTRACTS:

	<u>Number</u>	<u>Expiration Date</u>
AFSCME	8	09-30-15
AFSCME – District Court	3	09-30-15
Mich. Assoc. of Public Employees	11	09-30-16
Police Officers Assoc. of Mich. - Road	9	09-30-15
Police Officers Assoc. of Mich. – Non 312	9	09-30-14
Police Officers Assoc. of Mich. – Dispatch	6	09-30-16
Command Officers Assoc. of Michigan	4	09-30-15

C. RETIREMENT PLANS: (Operated by Municipal Employees Retirement Systems)

The County’s contribution to the retirement system for the fiscal year end September 30, 2013 was \$521,803 and was \$519,013 for the fiscal year ended September 30, 2014.

NOTE 2 - TABLES: (Continued)

D. COUNTY TAX RATES & LEVIES:

	2014	2013	2012	2011	2010
County Operating	6.0925	6.0925	6.0925	6.0925	6.0925
Commission on Aging	.7185	.7185	.7185	.7185	.4685
Rec. Authority	.4845	.4845	.4845	.4845	.4845
Public Transit	.7027	.7027	.7027	.7027	.7027
Library - Debt	.0690	.2100	.2300	.2400	.2200
Library – Operating	.4458	.4458	.4458	.4458	.4458
Sheriff – Debt Operating	.8917	.8917	.8917	.8917	.8917
Veterans Office	.2500	-	-	-	-
Animal Shelter	.6300	-	-	-	-
Road Commission	<u>1.000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
TOTAL COUNTY	<u>11.2847</u>	<u>10.5457</u>	<u>10.5657</u>	<u>10.5757</u>	<u>10.3057</u>
COOR I/S/D	.8859	.8859	1.0030	1.0030	1.0030
Kirtland Comm. Coll.	<u>2.2293</u>	<u>2.2193</u>	<u>2.2193</u>	<u>2.2193</u>	<u>2.2193</u>
TOTAL ALL JURISDICTIONS	<u>14.3999</u>	<u>13.6509</u>	<u>13.7880</u>	<u>13.7980</u>	<u>13.5280</u>

E. TAX COLLECTION RECORD: (Including all taxing units in the County)

Crawford County pays from a 100% Tax Payment Fund delinquent real property taxes of all municipalities in the County, including the County. Delinquent personal property taxes are negligible. The County’s fiscal year begins October 1. County taxes are due July 1 and become delinquent the following March 1. Taxes for other municipalities are due on July 1 and/or December 1 and become delinquent on or before the following March 1.

Year	Tax Levy*	Collections to 3 – 1 Of Year Following the Levy		Coll. Plus Funding to 3 - 1 – 12
		Amount**	%	
2014	\$ 22,103,466	\$ 20,114,154	91.00%	100%
2013	21,560,923	19,620,440	91.00	100
2012	20,753,139	18,885,356	91.00	100
2011	21,563,731	19,838,632	92.00	100
2010	22,738,191	20,919,135	92.00	100
2009	23,185,407	21,052,350	92.00	100
2008	21,679,142	19,944,810	92.00	100
2007	21,237,369	19,538,379	92.00	100
2006	20,384,074	18,753,348	92.00	100
2005	19,720,346	18,142,718	92.00	100
2004	18,408,377	16,871,497	92.00	100

*Includes real and personal property taxes.

**Reflects only real property delinquency and assumes 100% collection of personal property taxes.

NOTE 2 - TABLES: (Continued)

F. STATE EQUALIZED VALUATION:

STATE EQUALIZED VALUATION			
(50% of True Value)			
2014	-	\$ 624,272,260	As of December 31, 2014
2013	-	612,934,010	
2012	-	586,782,914	
2011	-	621,542,296	
2010	-	713,859,372	
2009	-	791,534,717	
2008	-	791,101,930	
2007	-	755,178,850	
2006	-	740,487,879	

G. TAXABLE VALUATION:

2014	-	\$ 541,984,234	As of December 31, 2014
2013	-	537,373,485	
2012	-	523,060,504	
2011	-	545,586,933	
2010	-	579,886,885	
2009	-	603,150,662	
2008	-	580,814,210	
2007	-	556,721,651	
2006	-	535,698,683	Per Capital TV (2014) \$

2014 Taxable Breakdown by Use

Residential	76%
Commercial	8
Industrial	4
Personal Property	<u>12</u>
TOTAL	<u>100%</u>

2014 Taxable Breakdown by Class

Real	90%
Personal	<u>10</u>
TOTAL	<u>100%</u>

NOTE 2 - TABLES: (Continued)

H. GENERAL FUND REVENUES AND EXPENDITURES:

	September 30			
	2014	2013	2012	2011
Revenues & Transfers In	\$ 5,473,251	\$ 5,177,150	\$ 5,203,010	\$ 5,207,503
Expenditures & Transfers Out	<u>5,464,083</u>	<u>5,208,654</u>	<u>5,126,083</u>	<u>5,135,780</u>
Revenues Over (Under)				
Expenditures	9,168	(31,504)	76,927	71,723
Beginning Balance	713,334	744,838	699,444	627,721
Prior Period Adjustment	-	-	(31,533)	-
Ending Balance	722,502	713,334	744,838	699,444

I. DIRECT DEBT OF COUNTY:

DIRECT DEBT OF COUNTY:	<u>Gross</u>	Self-Supporting Or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
Capital Improvement Bonds	\$ 1,445,000	\$ -	\$ 1,445,000
GOUT Bonds	<u>100,000</u>	<u>-</u>	<u>100,000</u>
	<u>\$ 1,545,000</u>	<u>\$ -</u>	<u>\$ 1,545,000</u>

In addition to the above, the County issues self-supporting Limited Tax Delinquent Fund Tax Notes each year which mature in 1 to 3 years.

Per Capita County Direct Debt	\$ 109.13
Percent County Net Direct Debt to 2014 TV	.28%

OVERLAPPING DEBT OF COUNTY:

Cities	\$ 530,000
School Districts	13,664,131
Community Colleges	<u>189,113</u>
Net Overlapping Debt	<u>14,383,244</u>
Net County and Overlapping Debt	<u>\$ 15,928,244</u>

NOTE 2 - TABLES: (Continued)

I. DIRECT DEBT OF COUNTY: (Continued)

Per capita County Net Direct and Overlapping Debt	\$ 1,131.11
Percent Net Direct and Overlapping Debt	2.93%

Source: Crawford County and Municipal Advisory Council of Michigan.

J. CRAWFORD COUNTY BONDS AND NOTES WITH COUNTY CREDIT PLEDGED:

(Including this Issue)

Year	Capital Improvement Bonds	GOUT Bonds	Total
2015	\$ 99,000	\$ 100,000	\$ 199,000
2016	105,000	-	105,000
2017	111,000	-	111,000
2018	116,000	-	116,000
2019	121,000	-	121,000
2020	122,000	-	122,000
2021	127,000	-	127,000
2022	133,000	-	133,000
2023	143,000	-	143,000
2024	150,000	-	150,000
2025	15,000	-	15,000
2026	15,000	-	15,000
2027	16,000	-	16,000
2028	16,000	-	16,000
2029	17,000	-	17,000
2030	18,000	-	18,000
2031	18,000	-	18,000
2032	19,000	-	19,000
2033	20,000	-	20,000
2034	20,000	-	20,000
2035	22,000	-	22,000
2036	22,000	-	22,000
TOTAL	<u>\$ 1,445,000</u>	<u>\$ 100,000</u>	<u>\$ 1,545,000</u>



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

ROBERT L. HASKE, CPA
AMBER N. MACK, CPA, EA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

Honorable Chairperson and Members
Of the Board of Commissioners
County of Crawford, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan for the year ended September 30, 2014, and have issued our report thereon dated February 16, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, and OMB Circular A-133, 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 OMB Circular A-133

As stated in our engagement letter dated August 12, 2014, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County of Crawford, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Crawford, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Crawford, Michigan's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Crawford, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Crawford, Michigan's compliance with those requirements.

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 and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

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

We have not been engaged to report on the Securities Exchange Commission (SEC) section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

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 on August 12, 2014.

Significant Accounting Policies

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 Crawford, Michigan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were 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 in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statements disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreement with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 16, 2015.

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

Notes Receivables (Prior Year)

The detail of the Housing Commission's notes receivable was not reconciled to the County's general ledger at year end. We recommend that the detail listing of notes receivable be periodically reconciled to the County's general ledger.

Status: Uncorrected.

Inmate Trust Account (Prior Year)

Currently the inmate monies are recorded in a separate bank account; however, the County's general ledger is not reconciled to the reconciled cash balance in that account on a monthly basis. In addition, a listing by inmate showing their respective cash balance at the end of each month is not available. We recommend that the County's general ledger be reconciled on a monthly basis with inmate cash per the reconciled bank statement and that a subsidiary ledger be maintained for individual inmates that agrees in total to the reconciled bank statement and general ledger.

Status: Uncorrected.

Payroll (Prior Year)

It was noted during the testing of controls over payroll, that five employees had missing or incomplete employee file information (three files missing MI new hire/two I-9 form incorrectly filled out/two MI new hire forms not completely filled out). We recommend that all of the necessary paperwork be completed at the beginning of employment and retained in the employee's file.

Stauts: Corrected.

Pension Reporting (Prior Year)

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

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

Status: The County is working towards implementation.

Inventory Recording

It was noted during our testing that the County didn't record fuel inventory as of year end. We recommend that all inventories be recorded to accurately reflect fuel inventory balances.

Check Register

It was noted during our testing of controls over payroll that on one occasion the general ledger and check register check number differed from the actual check number that cleared the bank. We recommend that more care be taken when imputing information into accounting software.

Uniform Administrative Requirements

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

Revisions Related to Single Audit Requirements

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

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

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

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

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.

We were not engaged to report on the Securities Exchange Commission (SEC) section, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Conclusion

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

This report is intended solely for the information and use of the Board of Commissioners, audit committee, management, federal 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

February 16, 2015