

County of Crawford, Michigan

BASIC FINANCIAL STATEMENTS

September 30, 2016

COUNTY OF CRAWFORD, MICHIGAN

ORGANIZATION

MEMBERS OF THE COUNTY COMMISSION

CHAIRMAN	DAVE STEPHENSON
VICE CHAIRMAN	SHELLEY L. PINKELMAN
COMMISSIONER	RICK ANDERSON
COMMISSIONER	PHIL LEWIS
COMMISSIONER	SHARON PRIEBE
COMMISSIONER	JAMIE MCCLAIN
COMMISSIONER	LAURIE JAMISON

ELECTED/APPOINTED OFFICIALS

COUNTY CONTROLLER	PAUL COMPO
COUNTY TREASURER	JOSEPH WAKELEY
COUNTY CLERK	SANDRA MOORE

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT’S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	10
Statement of Activities.....	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds.....	13
Reconciliation of Governmental Funds:	
Statement of Revenues, Expenditures, and Changes in in Fund Balances to the Statement of Activities	14
Proprietary Funds:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position	16
Statement of Cash Flows	17
Fiduciary Funds:	
Statement of Fiduciary Net Position.....	18
NOTES TO FINANCIAL STATEMENTS	19
REQUIRED SUPPLEMENTARY INFORMATION:	
Employee Retirement and Benefit Systems:	
Schedule of Changes in Pension Liability.....	47
Schedule of Employer Contributions	48
Schedule of Funding Progress	49
Major Funds:	
Budgetary Comparison Schedule – General	50
Budgetary Comparison Schedule – County Library	52
Budgetary Comparison Schedule – Housing Commission.....	53

TABLE OF CONTENTS (Continued)

	<u>Page</u>
OTHER INFORMATION:	
Combining Balance Sheet – Nonmajor Governmental Funds.....	54
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	60
Combining Statement of Net Position – Nonmajor Enterprise Funds.....	66
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Enterprise Funds	67
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	68
Combining Agency Funds	69
REPORTS ON COMPLIANCE:	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	70
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	72
Schedule of Expenditures of Federal Awards	74
Notes to Schedule of Expenditures of Federal Awards	76
Schedule of Findings and Questioned Costs	77
Summary Schedule of Prior Audit Findings	79
ADDITIONAL INFORMATION:	
Municipal Securities Disclosure Requirements of the Securities Exchange Commission (SEC) Rule 15c2-12.....	80



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

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, 2016, 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 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan, as of September 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefit systems and budgetary comparison schedules on pages 4 through 9, pages 47 through 49, and pages 50 through 53 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.

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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the basic financial statements.


Honorable Chairman and
Board of Commissioners
County of Crawford, Michigan

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 March 9, 2017 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

March 9, 2017

Management's Discussion and Analysis

As management of Crawford County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of financial activities of Crawford County for the fiscal year that ended September 30, 2016.

Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$4,945,602. Of this amount, \$535,177 is restricted.
- The total net position of the County decreased by \$1,113,829. Net position of our governmental activities decreased by \$1,088,564 while net position of our business-type activities decreased by \$25,265.
- During the year, the County had expenses for governmental activities that were \$11,655,400 and expenses for business-type activities that were \$217,141.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise five components; 1) government – wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information and 5) other information.

Government – Wide Financial Statements

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event given rise to change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety (including the jail) public works, health and welfare, community and economic development, and culture and recreation. The business –type activities of the County include the delinquent tax collections, commissary and foreclosure funds.

The government-wide financial statements include not only Crawford County itself (known as the primary government) but also the legally separate, Crawford County Road Commission. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, use fund accounting to ensure and demonstrate compliance with categories; governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

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

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

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

The basic governmental funds financial statements can be found on pages 12-14 of this report.

Proprietary Funds

The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its jail commissary operations and delinquent tax operations. Internal service funds are an accounting devise used to accumulate and allocate costs internally amount the County's various functions. Because these funds predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

Fiduciary Funds

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

The basic fiduciary funds financial statements can be found on page 18 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-46 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes funding progress and budget comparison schedules. Funding progress and budget comparison schedules can be found on pages 47-53 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the combining fund financial statements. Combining fund statements can be found on pages 54-69 of this report.

In a condensed format, the table below shows the net position of Crawford County as of September 30, 2016 and 2015.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current Assets	\$ 4,546,378	\$ 4,545,807	\$ 3,365,906	\$ 3,499,446	\$ 7,912,284	\$ 8,045,253
Capital Assets	7,705,144	7,793,712	-	-	7,705,144	7,793,712
Total Assets	12,251,522	12,339,519	3,365,906	3,499,446	15,617,428	15,838,965
Deferred Outflows of Resources	\$ 9,245,945	\$ 600,119	\$ -	\$ -	\$ 9,245,945	\$ 600,119
Current Liabilities	\$ 789,986	\$ 576,893	\$ 796,360	\$ 904,635	\$ 1,586,346	\$ 1,481,528
Noncurrent Liabilities	18,331,425	8,898,125	-	-	18,331,425	8,898,125
Total Liabilities	19,121,411	9,475,018	796,360	904,635	19,917,771	10,379,653
Net Position						
Net Investment in Capital Assets	6,790,144	6,783,712	-	-	6,790,144	6,783,712
Restricted	535,177	447,331	-	-	535,177	447,331
Unrestricted	(4,949,265)	(3,766,423)	2,569,546	2,594,811	(2,379,719)	(1,171,612)
Total Net Position	\$ 2,376,056	\$ 3,464,620	\$ 2,569,546	\$ 2,594,811	\$ 4,945,602	\$ 6,059,431

The current level of unrestricted net position for our governmental activities stands at \$(4,949,265).

Net position of the governmental activities decreased 31%. Net position of the business – type activities decreased 1%.

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Program Revenues						
Charges for Services	\$ 2,247,935	\$ 2,089,527	\$ 692,760	\$ 472,990	\$ 2,940,695	\$ 2,562,517
Operating Grants and Contributions	2,352,391	2,351,154	-	-	2,352,391	2,351,154
General Revenues						
Property Taxes	5,096,038	5,314,506	-	-	5,096,038	5,314,506
Federal, State, Local - General	-	10,153	-	-	-	10,153
Investment Earnings	44,473	28,693	5,171	3,126	49,644	31,819
Revenue Sharing	319,944	240,487	-	-	319,944	240,487
Transfers	506,055	187,434	(506,055)	(187,434)	-	-
Total Revenues	10,566,836	10,221,954	191,876	288,682	10,758,712	10,510,636
Program Expenses						
Legislative	131,358	122,326	-	-	131,358	122,326
Judicial	1,825,307	1,557,000	-	-	1,825,307	1,557,000
General Government	2,014,659	1,790,815	-	-	2,014,659	1,790,815
Public Safety	4,867,611	3,974,159	-	-	4,867,611	3,974,159
Health and Welfare	2,033,391	2,036,842	-	-	2,033,391	2,036,842
Community/Economic Development	2,455	732	-	-	2,455	732
Recreation and Culture	474,711	200,667	-	-	474,711	200,667
Interest Expense - Unallocated	169,125	61,380	-	-	169,125	61,380
Other Expenses	136,783	128,251	-	-	136,783	128,251
Sheriff Commissary	-	-	40,958	36,192	40,958	36,192
Tax Collection	-	-	176,183	129,127	176,183	129,127
Total Expenses	11,655,400	9,872,172	217,141	165,319	11,872,541	10,037,491
Changes in Net Position	(1,088,564)	349,782	(25,265)	123,363	(1,113,829)	473,145
Net Position - Beginning (Restated)	3,464,620	3,114,838	2,594,811	2,471,448	6,059,431	5,586,286
Net Position - Ending	<u>\$ 2,376,056</u>	<u>\$ 3,464,620</u>	<u>\$ 2,569,546</u>	<u>\$ 2,594,811</u>	<u>\$ 4,945,602</u>	<u>\$ 6,059,431</u>

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

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

The County's Funds

The individual funds' financial statements provide detail 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 special property tax millages. The County's major funds for 2016 include the General Fund, Library and Housing Commission.

The General Fund supports most of the County's governmental services. The costliest areas of the General Fund include the Sheriff's Office, Jail and Court system. The Delinquent Tax fund is supported by interest and fees from the collection of taxes.

General Fund Budgetary Highlights

The General Fund budget overall remained fairly consistent with FY 2015. As to the revenues, the General Fund received an additional \$80,000 in state PILT payments for tax reverted property but realized \$57,000 less in the convention facilities reimbursement.

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2016, amounted to \$7,705,144 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, equipment and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was \$88,568.

Major capital asset events during the current fiscal year include

- Purchases of vehicles of \$102,051
- Purchases of equipment of \$26,426

Additional information on the county's capital assets can be found in note 4 on pages 28-29 of this report.

Debt Administration

At the end of the current fiscal year the County had total debt outstanding of \$8,645,000. Of this amount \$7,870,000 comprises debt backed by the full faith and credit of Crawford County. The remainder of the County's debt is comprised of vested employee benefits, OPEB obligations and net pension liability.

The County reduced its debt by \$1,570,000 in principal payments. However new debt was issued in the amount of \$7,155,000 paid to the Michigan Employees Retirement System for the purposes of reducing Crawford County's unfunded pension debt.

Additional information on the County's long-term debt can be found in note 6 on pages 31-32 of this report.

Economic Factors and Next Year's Budgets and Rates

In order to maintain financial stability over the long term, the budgeting practice in Crawford County is to not only adopt a balanced budget as required by law, but to manage its budget in such a manner that actual expenses do not exceed actual revenues on an annual basis. This policy, along with conscious awareness of the fund balance has given Crawford County the reserves necessary to address this difficult economic time without resorting to a crisis-management approach. It has permitted the County board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of County services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they will be addressed through short term expenditure reduction measures such as reductions in controllable expenses, hiring delays and deferrals of certain capital expenditures.

- As the economy has stabilized, there have been financial impacts to the County. Property tax revenue has not recovered to previous levels. Changes in personal property tax laws and property tax exemptions have added increased financial burdens on local units of government.
- Michigan tax laws which limit property tax growth to the rate of inflation or a maximum allowable increase in assessment of 5.0 percent, whichever is less. Property tax revenue anticipated for the ensuing fiscal year will reflect the restrictions of these laws.

Component Units

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

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the County's financial status and to show the County's accountability for the public money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Crawford County Administrator's Office at 200 W. Michigan Ave., Grayling, MI 49738.

Basic Financial Statements

County of Crawford, Michigan

**Statement of Net Position
September 30, 2016**

	Primary Government			Road
	Governmental Activities	Business-type Activities	Total	Commission Component Unit
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 2,070,761	\$ 980,602	\$ 3,051,363	\$ 1,814,316
Receivables:				
Accounts	578,904	-	578,904	56,334
Grants	109,009	-	109,009	617,308
Taxes	1,411,631	902,779	2,314,410	-
Interest	-	100,900	100,900	-
Notes	1,694,089	-	1,694,089	-
Prepaid Items	30,400	-	30,400	87,325
Inventory	5,911	-	5,911	333,575
Internal Loans	(1,355,000)	1,355,000	-	-
Other Assets	673	26,625	27,298	-
Capital Assets (Not Depreciated)	4,930,000	-	4,930,000	73,092
Capital Assets (Net of Accumulated Depreciation)	2,775,144	-	2,775,144	15,444,047
TOTAL ASSETS	12,251,522	3,365,906	15,617,428	18,425,997
DEFERRED OUTFLOWS OF RESOURCES				
Pension investment experience and contributions	\$ 9,245,945	\$ -	\$ 9,245,945	\$ 896,446
LIABILITIES:				
Accounts Payable	\$ 169,563	\$ 442	\$ 170,005	\$ 190,217
Accrued Liabilities	198,549	-	198,549	80,343
Accrued Interest Payable	34,985	-	34,985	-
Advances from State	-	-	-	131,184
Due to Other Governmental Units	-	20,918	20,918	-
Unearned Revenue	86,889	-	86,889	524,999
Capitalized Leases - Due within one year	-	-	-	312,440
Capitalized Leases - Due in more than one year	-	-	-	458,581
Notes Payable - Due within one year	-	775,000	775,000	-
Bonds Payable - Due within one year	300,000	-	300,000	-
Bonds Payable - Due in more than one year	7,570,000	-	7,570,000	-
Net Pension Obligation - Due in more than one year	8,383,686	-	8,383,686	5,960,737
Vested Employee Benefits - Due in more than one year	117,402	-	117,402	166,594
OPEB - Due in more than one year	2,260,337	-	2,260,337	-
TOTAL LIABILITIES	19,121,411	796,360	19,917,771	7,825,095
NET POSITION:				
Net Investment in Capital Assets	6,790,144	-	6,790,144	14,746,118
Restricted (Deficit)	535,177	-	535,177	-
Unrestricted	(4,949,265)	2,569,546	(2,379,719)	(3,248,770)
TOTAL NET POSITION	\$ 2,376,056	\$ 2,569,546	\$ 4,945,602	\$ 11,497,348

County of Crawford, Michigan

Statement of Activities Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Road
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Commission
					Governmental Activities	Business-type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
Legislative	\$ 131,358	\$ -	\$ -	\$ -	\$ (131,358)	\$ -	\$ (131,358)	\$ -
Judicial	1,825,307	581,876	671,811	-	(571,620)	-	(571,620)	-
General Government	2,014,659	461,825	248,210	-	(1,304,624)	-	(1,304,624)	-
Public Safety	4,867,611	761,136	517,620	-	(3,588,855)	-	(3,588,855)	-
Health and Welfare	2,033,391	128,327	914,250	-	(990,814)	-	(990,814)	-
Community/Economic Development	2,455	73,538	-	-	71,083	-	71,083	-
Recreation and Culture	474,711	241,233	500	-	(232,978)	-	(232,978)	-
Interest Expense - Unallocated	169,125	-	-	-	(169,125)	-	(169,125)	-
Other Expenses	136,783	-	-	-	(136,783)	-	(136,783)	-
Total Governmental Activities	<u>11,655,400</u>	<u>2,247,935</u>	<u>2,352,391</u>	<u>-</u>	<u>(7,055,074)</u>	<u>-</u>	<u>(7,055,074)</u>	<u>-</u>
Business-type Activities:								
Sheriff Commissary	40,958	76,030	-	-	-	35,072	35,072	-
Tax Collection	176,183	616,730	-	-	-	440,547	440,547	-
Total Business-type Activities	<u>217,141</u>	<u>692,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>475,619</u>	<u>475,619</u>	<u>-</u>
Total Primary Government	<u>\$ 11,872,541</u>	<u>\$ 2,940,695</u>	<u>\$ 2,352,391</u>	<u>\$ -</u>	<u>(7,055,074)</u>	<u>475,619</u>	<u>(6,579,455)</u>	<u>-</u>
Component Unit:								
Road Commission	<u>\$ 4,503,536</u>	<u>\$ 1,306,264</u>	<u>\$ 6,079,443</u>	<u>\$ 216,719</u>				<u>3,098,890</u>
Total Component Units	<u>4,503,536</u>	<u>1,306,264</u>	<u>6,079,443</u>	<u>216,719</u>				<u>3,098,890</u>
Total	<u>\$ 16,376,077</u>	<u>\$ 4,246,959</u>	<u>\$ 8,431,834</u>	<u>\$ 216,719</u>				
General Revenues and Transfers:								
Taxes					5,096,038	-	5,096,038	543,661
Investment Earnings					44,473	5,171	49,644	4,218
Revenue Sharing					319,944	-	319,944	-
Property Rentals					-	-	-	4,947
Gain (Loss) on Equipment Disposal					-	-	-	(81,176)
Transfers					506,055	(506,055)	-	-
Total General Revenues and Transfers					<u>5,966,510</u>	<u>(500,884)</u>	<u>5,465,626</u>	<u>471,650</u>
Change in Net Position					(1,088,564)	(25,265)	(1,113,829)	3,570,540
Net Position - Beginning					<u>3,464,620</u>	<u>2,594,811</u>	<u>6,059,431</u>	<u>7,926,808</u>
Net Position - Ending					<u>\$ 2,376,056</u>	<u>\$ 2,569,546</u>	<u>\$ 4,945,602</u>	<u>\$ 11,497,348</u>

County of Crawford, Michigan

Balance Sheet Governmental Funds September 30, 2016

	General	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Equivalents - Unrestricted	\$ 375,005	\$ 504,187	\$ 77,072	\$ 1,111,157	\$ 2,067,421
Receivables:					
Accounts	334,820	-	-	244,084	578,904
Grants	-	-	-	109,009	109,009
Taxes	1,407,248	823	-	3,560	1,411,631
Notes	-	-	1,546,694	147,395	1,694,089
Inventory	-	-	-	5,911	5,911
Prepaid Items	28,104	-	-	2,296	30,400
TOTAL ASSETS	\$ 2,145,177	\$ 505,010	\$ 1,623,766	\$ 1,623,412	\$ 5,897,365
LIABILITIES:					
Accounts Payable	\$ 55,455	\$ 14,333	\$ 13,019	\$ 85,753	\$ 168,560
Accrued Liabilities	116,554	8,600	1,818	71,577	198,549
Due to Other Funds	1,190,000	-	-	165,000	1,355,000
Unearned Revenue	2,344	75,301	-	9,244	86,889
TOTAL LIABILITIES	1,364,353	98,234	14,837	331,574	1,808,998
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Loans	-	-	1,546,694	147,395	1,694,089
FUND BALANCES:					
Nonspendable	28,104	-	-	8,207	36,311
Restricted	-	-	62,235	472,942	535,177
Committed	117,402	406,776	-	377,533	901,711
Assigned	-	-	-	285,761	285,761
Unassigned	635,318	-	-	-	635,318
TOTAL FUND BALANCES	780,824	406,776	62,235	1,144,443	2,394,278
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2,145,177	\$ 505,010	\$ 1,623,766	\$ 1,623,412	
Reconciliation to amounts reported for governmental activities in the statement of net position:					
Capital assets used by governmental activities					7,705,144
Deferred outflows					9,245,945
Long-term bonds payable for governmental activities					(7,870,000)
Other post employment benefit liability					(2,260,337)
Net pension obligation					(8,383,686)
Compensated absences liability					(117,402)
Internal service funds activity					3,010
Deferred revenue recognized as current revenue					1,694,089
Accrued interest expense					(34,985)
Net position of governmental activities					\$ 2,376,056

County of Crawford, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2016

	General	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 3,852,034	\$ 242,293	\$ -	\$ 1,001,711	\$ 5,096,038
Licenses and Permits	22,149	-	-	131,120	153,269
Federal Sources	23,080	-	190,729	1,112,268	1,326,077
State Sources	509,567	500	-	648,270	1,158,337
Local Sources	-	-	-	199,099	199,099
Charges for Services	796,210	-	-	812,309	1,608,519
Interest and Rentals	12,394	1,225	22	30,832	44,473
Other Revenues	90,562	239,886	73,538	183,497	587,483
TOTAL REVENUES	5,305,996	483,904	264,289	4,119,106	10,173,295
EXPENDITURES:					
Legislative	131,358	-	-	-	131,358
Judicial	1,072,229	-	-	2,132,359	3,204,588
General Government	1,372,730	-	-	1,481,764	2,854,494
Public Safety	2,345,893	-	-	5,659,029	8,004,922
Health and Welfare	93,183	-	244,075	2,086,418	2,423,676
Recreation and Cultural	-	431,516	-	75,441	506,957
Community/Economic Development	-	-	-	2,455	2,455
Capital Outlay	2,990	-	-	-	2,990
Debt Service	-	-	-	448,145	448,145
Other Expenditures	133,793	-	-	-	133,793
TOTAL EXPENDITURES	5,152,176	431,516	244,075	11,885,611	17,713,378
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	153,820	52,388	20,214	(7,766,505)	(7,540,083)
OTHER FINANCING SOURCES (USES):					
Bond Proceeds	-	-	-	7,155,000	7,155,000
Transfers In	215,055	-	-	1,057,361	1,272,416
Transfers Out	(342,720)	-	-	(423,641)	(766,361)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	26,155	52,388	20,214	22,215	120,972
FUND BALANCES, OCTOBER 1	754,669	354,388	42,021	1,122,228	2,273,306
FUND BALANCES, SEPTEMBER 30	\$ 780,824	\$ 406,776	\$ 62,235	\$ 1,144,443	\$ 2,394,278

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, 2016

Net changes in fund balances - total governmental funds \$ 120,972

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. (112,514)

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 capital outlay of \$128,477 exceeded depreciation expense of (\$217,045) in the current period. (88,568)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position, while bond proceeds are an other financing source in governmental funds but increases liabilities in the statement of net position.

Principal repayments:

Bonds Payable 295,000
Bond Proceeds (7,155,000)

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 (102,653)
Accrued Interest on Bonds (15,980)
Vested Employee Benefits (17,180)

Governmental funds report pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense. 5,987,359

Changes in net position of governmental activities

\$ (1,088,564)

**Statement of Net Position
Proprietary Funds
September 30, 2016**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2015 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
ASSETS:					
Cash and Equivalents- Unrestricted	\$ 729,652	\$ 71,263	\$ 179,687	\$ 980,602	\$ 3,340
Receivables:					
Taxes	2,104	740,247	160,428	902,779	-
Interest	4,535	51,797	44,568	100,900	-
Due from Other Funds	120,000	-	1,235,000	1,355,000	-
Due from Others	-	-	26,625	26,625	673
TOTAL ASSETS	<u>\$ 856,291</u>	<u>\$ 863,307</u>	<u>\$ 1,646,308</u>	<u>\$ 3,365,906</u>	<u>\$ 4,013</u>
LIABILITIES:					
Accounts Payable	\$ -	\$ -	\$ 442	\$ 442	\$ 1,003
Due to Other Funds	-	-	-	-	-
Due to Other Governmental Units	2,090	4,316	14,512	20,918	-
Notes Payable - Due within one year	-	775,000	-	775,000	-
TOTAL LIABILITIES	<u>2,090</u>	<u>779,316</u>	<u>14,954</u>	<u>796,360</u>	<u>1,003</u>
NET POSITION:					
Unrestricted	<u>854,201</u>	<u>83,991</u>	<u>1,631,354</u>	<u>2,569,546</u>	<u>3,010</u>
TOTAL NET POSITION	<u>\$ 854,201</u>	<u>\$ 83,991</u>	<u>\$ 1,631,354</u>	<u>\$ 2,569,546</u>	<u>\$ 3,010</u>

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
Year Ended September 30, 2016**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2015 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
OPERATING REVENUES:					
Charges for Services	\$ 2,423	\$ 105,657	\$ 496,154	\$ 604,234	\$ -
Interest and Rentals	-	-	88,526	88,526	-
TOTAL OPERATING REVENUES	2,423	105,657	584,680	692,760	-
OPERATING EXPENSES:					
Supplies	-	-	180	180	-
Contracted Services	-	-	125,546	125,546	-
Other Expenses	-	16,599	66,257	82,856	-
TOTAL OPERATING EXPENSES	-	16,599	191,983	208,582	-
OPERATING INCOME (LOSS)	2,423	89,058	392,697	484,178	-
NON-OPERATING REVENUES (EXPENSES):					
Interest on Deposits	5,171	-	-	5,171	-
Interest Expense	-	(5,067)	(3,492)	(8,559)	-
TOTAL NON-OPERATING REVENUES	5,171	(5,067)	(3,492)	(3,388)	-
INCOME (LOSS) BEFORE TRANSFERS	7,594	83,991	389,205	480,790	-
Transfers In	-	-	307,609	307,609	-
Transfers Out	(57,055)	-	(756,609)	(813,664)	-
CHANGE IN NET POSITION	(49,461)	83,991	(59,795)	(25,265)	-
NET POSITION, OCTOBER 1	903,662	-	1,691,149	2,594,811	3,010
NET POSITION, SEPTEMBER 30	\$ 854,201	\$ 83,991	\$ 1,631,354	\$ 2,569,546	\$ 3,010

**Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2016**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2015 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ (2,090)	\$ (686,387)	1,600,156	\$ 911,679	\$ 297
Payments to Suppliers	2,090	(16,599)	(187,423)	(201,932)	-
Internal Activity - Payments/Receipts with Other Funds	75,000	4,316	7,759	87,075	-
Net Cash Provided (Used) by Operating Activities	<u>75,000</u>	<u>(698,670)</u>	<u>1,420,492</u>	<u>796,822</u>	<u>297</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Note Proceeds	-	1,150,000	-	1,150,000	-
Principal Payments	-	(375,000)	(900,000)	(1,275,000)	-
Interest Payments	-	(5,067)	(3,492)	(8,559)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>769,933</u>	<u>(903,492)</u>	<u>(133,559)</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:					
Transfers In	-	-	307,609	307,609	-
Transfers Out	(57,055)	-	(756,609)	(813,664)	-
Net Cash Provided (Used) by Non-Capital And Related Financing Activities	<u>(57,055)</u>	<u>-</u>	<u>(449,000)</u>	<u>(506,055)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Deposits	5,171	-	-	5,171	-
Net Cash Provided by Investing Activities	<u>5,171</u>	<u>-</u>	<u>-</u>	<u>5,171</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	23,116	71,263	68,000	162,379	297
Cash and Equivalents - Beginning of the Year	706,536	-	111,687	818,223	3,043
Cash and Equivalents - End of the Year	<u>\$ 729,652</u>	<u>\$ 71,263</u>	<u>\$ 179,687</u>	<u>\$ 980,602</u>	<u>\$ 3,340</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ 2,423	\$ 89,058	\$ 392,697	\$ 484,178	\$ -
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	(2,104)	(740,247)	926,401	184,050	-
Interest Receivable	(2,423)	(51,797)	82,233	28,013	-
Due from Others	14	-	6,842	6,856	-
Due from Other Funds	75,000	-	73,000	148,000	297
Increase (Decrease) in Liabilities:					
Accounts Payable	-	-	(876)	(876)	-
Due to Other Funds	-	-	(71,000)	(71,000)	-
Due to Governmental Units	2,090	4,316	11,195	17,601	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 75,000</u>	<u>\$ (698,670)</u>	<u>\$ 1,420,492</u>	<u>\$ 796,822</u>	<u>\$ 297</u>

**Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2016**

	<u>Agency Funds</u>
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 1,977,683
Due from Others	579
Taxes Receivable	<u>1,538</u>
 TOTAL ASSETS	 <u><u>\$ 1,979,800</u></u>
 LIABILITIES:	
Accounts Payable	\$ 18,727
Due to Others	140,813
Due to Other Governmental Units	<u>1,820,260</u>
 TOTAL LIABILITIES	 <u><u>\$ 1,979,800</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

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, 2016.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2016.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2015 ad valorem tax is levied and collectible on December 1, 2015, and 2016 ad valorem tax is levied and collectible on July 1, 2016, 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 2015 taxable valuation of the County of Crawford totaled \$537,770,714, on which ad valorem taxes levied consisted of .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, and .2500 for Veterans Office. 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, 2016 taxable valuation of County of Crawford totaled \$526,531,086, on which ad valorem taxes levied consisted of 6.0925 mills for the General Fund. This amount is recognized in the General Fund financial statements as revenue.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2015 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.

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

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has unavailable revenue from loans 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 \$784,353 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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	\$ 2,070,761	\$ 980,602	\$ 3,051,363	\$ 1,977,683	\$ 1,814,316
Total	<u>\$ 2,070,761</u>	<u>\$ 980,602</u>	<u>\$ 3,051,363</u>	<u>\$ 1,977,683</u>	<u>\$ 1,814,316</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)		\$ 3,038,966	\$ 1,977,683	\$ 1,814,216	
Petty Cash and Cash on Hand		<u>12,397</u>	<u>-</u>	<u>100</u>	
Total		<u>\$ 3,051,363</u>	<u>\$ 1,977,683</u>	<u>\$ 1,814,316</u>	

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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$3,397,994 of the County's bank balance of \$5,258,700 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.
- 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.

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

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	7,643,506	-	-	7,643,506
Furniture and equipment	435,208	26,426	(49,183)	412,451
Vehicles	<u>503,149</u>	<u>102,051</u>	<u>(223,772)</u>	<u>381,428</u>
Subtotal	<u>8,581,863</u>	<u>128,477</u>	<u>(272,955)</u>	<u>8,437,385</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(4,892,402)	(148,928)	-	(5,041,330)
Furniture and equipment	(399,342)	(21,948)	49,183	(372,107)
Vehicles	<u>(426,407)</u>	<u>(46,169)</u>	<u>223,772</u>	<u>(248,804)</u>
Subtotal	<u>(5,718,151)</u>	<u>(217,045)</u>	<u>272,955</u>	<u>(5,662,241)</u>
Net capital assets being depreciated	<u>2,863,712</u>	<u>(88,568)</u>	<u>-</u>	<u>2,775,144</u>
Capital Assets – Net of Depreciation	<u>\$ 7,793,712</u>	<u>\$ (88,568)</u>	<u>\$ -</u>	<u>\$ 7,705,144</u>

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

Governmental Activities:	
General Government	\$ 82,647
Public Safety	94,083
Recreation and Culture	27,628
Health and Welfare	<u>12,687</u>
Total Governmental Activities	<u>\$ 217,045</u>

NOTE 4 - CAPITAL ASSETS (Continued)

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	\$ 73,092	\$ -	\$ -	\$ 73,092
<i>Capital assets being depreciated:</i>				
Buildings	1,937,675	23,499	-	1,961,174
Equipment – road	4,575,043	861,612	(779,922)	4,656,733
Equipment – shop	73,859	52,814	-	126,673
Equipment – office	159,691	-	-	159,691
Equipment – engineer	13,461	-	-	13,461
Depletable assets	50,282	-	-	50,282
Infrastructure – roads	<u>11,039,100</u>	<u>4,096,969</u>	<u>-</u>	<u>15,136,069</u>
Subtotal	<u>17,849,111</u>	<u>5,034,894</u>	<u>(779,922)</u>	<u>22,104,083</u>
<i>Less accumulated depreciation:</i>				
Buildings	(891,237)	(31,384)	-	(922,621)
Equipment – road	(3,984,993)	(322,017)	689,598	(3,617,412)
Equipment – shop	(69,733)	(2,571)	-	(72,304)
Equipment – office	(151,082)	(1,719)	-	(152,801)
Equipment – engineer	(12,754)	(707)	-	(13,461)
Depletable assets	(49,107)	-	-	(49,107)
Infrastructure – roads	<u>(1,365,285)</u>	<u>(467,045)</u>	<u>-</u>	<u>(1,832,330)</u>
Subtotal	<u>(6,524,191)</u>	<u>(825,443)</u>	<u>689,598</u>	<u>(6,660,036)</u>
Net capital assets being depreciated	<u>11,324,920</u>	<u>4,209,451</u>	<u>90,324</u>	<u>15,444,047</u>
Capital Assets – Net of Depreciation	<u>\$ 11,398,012</u>	<u>\$ 4,209,451</u>	<u>\$ 90,324</u>	<u>\$ 15,517,139</u>

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

Public Works:	
Net Equipment Expense	\$ 349,141
Net Administrative Expense	8,742
Infrastructure	467,045
Salt Storage Sheds	<u>515</u>
Total Depreciation	<u>\$ 825,443</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 TO OTHER FUNDS		
DUE FROM OTHER FUNDS		<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
		Prior Delinquent Tax	\$ -	\$ 120,000
	Nonmajor Enterprise	<u>1,190,000</u>	<u>45,000</u>	<u>1,235,000</u>
	Total	<u>\$ 1,190,000</u>	<u>\$ 165,000</u>	<u>\$ 1,355,000</u>

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		<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Prior Delinquent Tax</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
		General Fund	\$ -	\$ 158,000	\$ -	\$ 57,055
	Nonmajor Governmental	342,720	265,641	-	449,000	1,057,361
	Nonmajor Enterprise	-	-	<u>57,055</u>	<u>250,554</u>	<u>307,609</u>
	Total	<u>\$ 342,720</u>	<u>\$ 423,641</u>	<u>\$ 57,055</u>	<u>\$ 756,609</u>	<u>\$ 1,580,025</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							
Pension Obligation Bonds Series 2015	3.38%	2033	\$ -	\$ 7,155,000	\$ (200,000)	\$ 6,955,000	\$ 200,000
Capital Improvement Bonds Series 2009	4.270%	2024	<u>1,010,000</u>	<u>-</u>	<u>(95,000)</u>	<u>915,000</u>	<u>100,000</u>
Total Governmental Activities			<u>\$ 1,010,000</u>	<u>\$ 7,155,000</u>	<u>\$ (295,000)</u>	<u>\$ 7,870,000</u>	<u>\$ 300,000</u>
Business-Type Activities							
Limited Tax Notes 2016 Tax Notes Series	Variable*	2018	\$ -	\$ 1,150,000	\$ (375,000)	\$ 775,000	\$ 775,000
2015 Tax Notes Series	Variable*	2017	<u>900,000</u>	<u>-</u>	<u>(900,000)</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities			<u>\$ 900,000</u>	<u>\$ 1,150,000</u>	<u>\$ (1,275,000)</u>	<u>\$ 775,000</u>	<u>\$ 775,000</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:

Year End September 30	Governmental Activities	
	Principal	Interest
2017	\$ 300,000	\$ 251,615
2018	375,000	243,615
2019	455,000	233,865
2020	470,000	222,141
2021	485,000	209,991
2022-2026	2,445,000	814,975
2027-2031	2,380,000	433,100
2032-2033	<u>960,000</u>	<u>60,000</u>
Total	<u>\$ 7,870,000</u>	<u>\$ 2,469,302</u>

NOTE 6 - LONG-TERM DEBT (Continued)

The changes in vested employee benefits are summarized as follows:

	<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>
	\$ 100,222	\$ 17,180	\$ 117,402

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.

	<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Component Unit:				
Capitalized leases	\$ 612,159	\$ 158,862	\$ 771,021	\$ 312,440
Net OPEB obligation	30,481	(30,481)	-	-
Net pension liability	4,985,164	975,573	5,960,737	-
Compensated absences	<u>158,276</u>	<u>8,318</u>	<u>166,594</u>	<u>-</u>
	<u>\$ 5,786,080</u>	<u>\$ 1,112,272</u>	<u>\$ 6,898,352</u>	<u>\$ 312,440</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 4.24%. 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:

2017	\$ 335,756
2018	49,978
2019	49,978
2020	49,978
2021	<u>370,918</u>
Total minimum lease payments	856,608
Less amount representing interest	<u>(85,587)</u>
Present value of minimum lease payment	<u>\$ 771,021</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, 2015.

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 joined 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

General Information about the Pension Plan

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

01 – Gnrl: Closed to new hires	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	5.29%
DC Plan for New Hires:	5/1/2007
Act 88:	No
02 – COAM: Closed to new hires	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25
	50/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	4%
DC Plan for New Hires:	4/1/2013
Act 88:	No

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

10 – General Comm: Closed to new hires	
	2015 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	0%
DC Plan for New Hires:	5/1/2007
Act 88:	No
11 – GNRL/AFSCME: Closed to new hires	
	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	2%
DC Plan for New Hires:	10/1/2007
Act 88:	No
14 – AFSCME District Court: Closed to new hires	
	2015 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
Employee Contributions	2%
DC Plan for New Hires:	4/1/2013
Act 88:	No

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

20 – POAM: Closed to new hires	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	3.50%
DC Plan for New Hires:	1/1/2010
Act 88:	No
21 – Dispatch: Closed to new hires	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	5 years
Employee Contributions	3%
DC Plan for New Hires:	7/1/2005
Act 88:	No

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	24
Active employees	<u>49</u>
	149

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.

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent in the Long-Term
Investment rate of return	7.75 percent

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 17,852,568	\$ 12,127,349	\$ 5,725,219
Service cost	275,995	-	275,995
Interest on total pension liability	1,442,324	-	1,442,324
Changes in benefits	-	-	-
Difference between expected and actual experience	244,359	-	244,359
Changes in assumptions	1,200,276	-	1,200,276
Employer contributions	-	582,656	(582,656)
Employee contributions	-	128,918	(128,918)
Net investment income	-	(180,628)	180,628
Benefit payments, including employee refunds	(1,015,706)	(1,015,706)	-
Administrative expense	-	(26,459)	26,459
Net changes	<u>2,147,248</u>	<u>(511,219)</u>	<u>2,658,467</u>
Balances as of December 31, 2015	<u>\$ 19,999,816</u>	<u>\$ 11,616,130</u>	<u>\$ 8,383,686</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
County's net pension liability	\$10,547,874	\$8,383,686	\$6,543,002

Note: the current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses.

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

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

For the year ended September 30, 2016, the County recognized pension expense of \$(5,987,358). At September 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 122,180	\$ -
Changes in assumptions	600,138	-
Net difference between projected and actual earnings on pension plan investments	1,062,484	-
Contributions subsequent to the measurement date	7,461,143	-
Total	\$ 9,245,945	\$ -

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

Year Ended September 30:	
2017	\$ 998,646
2018	276,328
2019	276,328
2020	233,500

ROAD COMMISSION

General Information about the Pension Plan

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

01 – General Teamster: Open Division	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
Employee Contributions	4.30%
Act 88:	Yes (Adopted 2/2/2006)
10 – Non Union: Open Division	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/22
Early Retirement (Reduced):	50/25
	50/15
Final Average Compensation:	5 years
Employee Contributions	2.93%
Act 88:	Yes (Adopted 2/2/2006)
13 – Closed to new hires	
	<u>2015 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	50/15
Final Average Compensation:	5 years
Employee Contributions	1.60%
Act 88:	Yes (Adopted 2/2/2006)

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>27</u>
	57

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Funding Policy

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

Employer contributions range from \$78 to \$102 per month for the closed division and \$17,769 - \$49,164 per month for the open division.

Net Pension Liability

The employer’s net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.75 percent in the Long-Term
Investment rate of return	7.75 percent

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

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

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 8,227,786	\$ 3,242,622	\$ 4,985,164
Service cost	157,370	-	157,370
Interest on total pension liability	662,782	-	662,782
Changes in benefits	(4,682)	-	(4,682)
Difference between expected and actual experience	129,045	-	129,045
Changes in assumptions	411,691	-	411,691
Employer contributions	-	383,768	(383,768)
Employee contributions	-	51,442	(51,442)
Net investment income	-	(47,573)	47,573
Benefit payments, including employee refunds	(545,430)	(545,430)	-
Administrative expense	-	(7,002)	7,002
Other changes	2	-	2
Net changes	810,778	(164,795)	975,573
Balances as of December 31, 2015	\$ 9,038,564	\$ 3,077,827	\$ 5,960,737

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the employer, calculated using the discount rate of 8.25%, as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Changes in net pension liability	\$6,933,801	\$5,960,737	\$5,130,905

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

The Road Commission’s net pension liability as measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended September 30, 2016, the Road Commission recognized pension expense of \$689,133 including contributions of \$411,269 in the General Fund financial statements. At September 30, 2016, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Difference between expected and actual experience	\$ 96,784	\$ -
Changes in assumptions	308,768	-
Net difference between projected and actual earnings on pension plan investments	198,845	-
Contributions subsequent to the measurement date	<u>292,049</u>	<u>-</u>
 Total	 <u><u>\$ 896,446</u></u>	 <u><u>\$ -</u></u>

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

<u>Year Ended September 30:</u>		
2017	\$	180,782
2018		180,782
2019		180,782
2020		62,051

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:

Annual required contribution	\$ 300,865
Interest on net OPEB obligation	84,381
Adjustment to annual required contribution	<u>(182,436)</u>
Annual OPEB cost (expense)	202,810
Contributions made	<u>(100,157)</u>
Increase in net OPEB obligation	102,653
Net OPEB obligation – beginning of year	<u>2,157,684</u>
Net OPEB obligation – end of year	<u>\$ 2,260,337</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 2014, 2015, and 2016 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/14	\$ 295,548	33%	\$ 2,109,527
09/30/15	\$ 202,810	76%	\$ 2,157,684
09/30/16	\$ 202,810	49%	\$ 2,260,337

Funded Status and Funding Progress. As of September 30, 2016, the actuarial accrued liability for benefits was \$3,345,130, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,005,010, and the ratio of the unfunded actuarial accrued liability to the covered payroll was unavailable.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

In the December 31, 2015, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.8% 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.

NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)

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.

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, 2016:

Annual required contribution	\$ 74,569
Interest on prior year net OPEB obligation	<u>914</u>
Annual OPEB cost	75,483
Contributions made	<u>(105,964)</u>
Decrease in net OPEB obligation	(30,481)
Net OPEB obligation – beginning of year	<u>30,481</u>
Net OPEB obligation – end of year	<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, 2014, 2015, and 2016 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
09/30/2014	\$ 117,825	101.44%	\$ 28,732
09/30/2015	\$ 121,272	98.56%	\$ 30,481
09/30/2016	\$ 75,483	147.46%	\$ -

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)

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.
2. Interest Discount Rate: 2.00% 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 10/01/15</u>	<u>Adjustments/ Additions</u>	<u>Adjustments/ Reductions</u>	<u>Balance 09/30/16</u>
Housing Commission:				
Loans	\$ 1,637,987	\$ 127,780	\$ (219,073)	\$ 1,546,694
Milltown	30,901	-	(31)	30,870
Economic Development Fund	<u>137,715</u>	<u>-</u>	<u>(21,190)</u>	<u>116,525</u>
TOTALS	<u>\$ 1,806,603</u>	<u>\$ 127,780</u>	<u>\$ (240,294)</u>	<u>\$ 1,694,089</u>

NOTE 12 - NET POSITION RESTRICTIONS

Net asset restrictions are described as follows:

Government Activities	\$ 537,514	Restricted for Housing Commission and Other Governmental Purposes
-----------------------	------------	--

Required Supplementary Information

County of Crawford Michigan

Employee Retirement System Schedule of Changes in Pension Liability For the Year Ended September 30, 2016

	2016	2015
Total pension liability		
Service cost	\$ 275,995	\$ 293,190
Interest	1,442,324	1,383,964
Difference between expected and actual experience	244,359	-
Changes in assumptions	1,200,276	-
Benefit payments, including refund of member contributions	(1,015,706)	(906,621)
Net change in total pension liability	2,147,248	770,533
Total pension liability - beginning	17,852,568	17,082,035
Total pension liability - ending	\$ 19,999,816	\$ 17,852,568
Plan fiduciary net position		
Contributions - employer	\$ 582,656	\$ 532,861
Contributions - employee	128,918	165,029
Net investment income	(180,628)	735,416
Benefit payments, including refunds of member contributions	(1,015,706)	(906,621)
Administrative expense	(26,459)	(27,002)
Net change in plan fiduciary net position	(511,219)	499,683
Plan fiduciary net position - beginning	12,127,349	11,627,666
Plan fiduciary net position - ending	\$ 11,616,130	\$ 12,127,349
County's net pension liability - ending	\$ 8,383,686	\$ 5,725,219
Plan fiduciary net position as a percentage of the total pension liability	58%	68%
Covered - employee payroll	\$ 2,315,271	\$ 2,466,806
County's net pension liability as a percentage of covered-employee payroll	362%	232%
Annual money-weighted rate of return, net of investment expense	6%	6%

**Employee Retirement System
Schedule of Employer Contributions
For the Year Ended September 30, 2016**

	2016	2015
Actuarially determined contribution	\$ 582,630	\$ 571,740
Contributions in relation to the actuarially determined contribution	(582,630)	(571,740)
Contribution deficiency (excess)	\$ -	\$ -
Covered - employee payroll	\$ 2,315,271	\$ 2,466,806
Contributions as a percentage of covered-employee payroll	25%	23%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-years smoothed market
Inflation	4.50%
Salary increases	3.75%, average, including inflation
Investment rate of return	7.75%
Retirement age	In the 2015 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the RP 2014 Annuity Mortality Table - Blended 50% Male / 50% Female

**Required Supplementary Information
Employee Benefit System
Schedule of Funding Progress
September 30, 2016**

Health Plan:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)	
<i>PRIMARY GOVERNMENT</i>							
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
2015		-	3,345,130	3,345,130	0.0%	\$ 4,005,010	83.5%
<i>ROAD COMMISSION</i>							
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
2016	\$	-	\$ 958,155	\$ 958,155	0.0%	Not Available	Not Available

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 3,739,337	\$ 3,655,337	\$ 3,852,034	\$ 196,697
Licenses and Permits	23,500	23,500	22,149	(1,351)
Federal Sources	20,000	38,000	23,080	(14,920)
State Sources	509,763	499,763	509,567	9,804
Charges for Services	756,400	801,400	796,210	(5,190)
Interest and Rentals	12,000	12,000	12,394	394
Other Revenue	63,662	86,662	90,562	3,900
TOTAL REVENUES	5,124,662	5,116,662	5,305,996	189,334
EXPENDITURES:				
Legislative:				
Board of Commissioners	123,021	131,521	131,358	163
Judicial:				
Trial Court	926,348	914,348	913,845	503
Court Appointed Attorneys	144,325	153,825	153,541	284
Jury Commission	2,500	5,000	4,843	157
Total Judicial	1,073,173	1,073,173	1,072,229	944
General Government:				
Corporate Counsel	4,000	5,000	4,916	84
Elections	33,650	44,650	44,645	5
County Clerk	233,182	244,182	243,309	873
Controller's Office	128,490	134,490	134,000	490
Equalization	192,501	201,501	194,361	7,140
Prosecuting Attorney	289,549	288,549	288,282	267
COOP Reimbursement Program	2,070	5,570	5,297	273
Crime Victims Program	44,900	44,900	41,161	3,739
Purchasing	36,000	31,000	30,665	335
County Treasurer	160,416	179,916	179,911	5
Data Processing	66,981	59,981	57,605	2,376
Buildings and Grounds	155,300	148,800	148,578	222
Total General Government	1,347,039	1,388,539	1,372,730	15,809
Public Safety:				
Sheriff	941,633	989,133	988,323	810
Marine Department	6,339	14,839	14,472	367
Snowmobile Safety	8,625	7,725	7,402	323
Bailiff	11,995	9,955	9,611	344
Secondary Road Patrol	93,865	89,365	88,969	396
Seasonal Traffic Safety	8,725	8,725	8,588	137
Jail	1,122,760	1,077,760	1,082,397	(4,637)
Inmate Transportation	12,020	22,520	22,102	418
ORV Grant	9,550	14,550	13,943	607
Emergency Preparedness	32,400	51,400	51,139	261
Animal Control	57,283	59,283	58,947	336
Total Public Safety	2,305,195	2,345,255	2,345,893	(638)

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare:				
Mental Health	35,600	35,600	35,600	-
Contagious Disease	500	500	46	454
Substance Abuse	26,590	28,590	28,401	189
Medical Examiner	37,400	32,400	29,136	3,264
Total Health and Welfare	100,090	97,090	93,183	3,907
Capital Outlay	5,960	3,000	2,990	10
Other Expenditures:				
Fringe Benefits	20,550	23,550	24,616	(1,066)
Insurance	109,000	110,500	107,561	2,939
Other	4,000	1,000	1,616	(616)
Total Other Expenditures	133,550	135,050	133,793	1,257
TOTAL EXPENDITURES	5,088,028	5,173,628	5,152,176	21,452
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,634	(56,966)	153,820	210,786
OTHER FINANCING SOURCES (USES):				
Transfers In	306,866	394,466	215,055	(179,411)
Transfers Out	(343,500)	(343,500)	(342,720)	780
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ (6,000)	26,155	\$ 32,155
FUND BALANCE, OCTOBER 1			754,669	
FUND BALANCE, SEPTEMBER 30			\$ 780,824	

County of Crawford, Michigan

**Required Supplementary Information
Budgetary Comparison Schedule
County Library Fund
Year Ended September 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 241,200	\$ 241,200	\$ 242,293	\$ 1,093
State Sources	5,700	5,700	500	(5,200)
Interest and Rentals	1,000	1,000	1,225	225
Other Revenue	226,100	226,100	239,886	13,786
TOTAL REVENUES	474,000	474,000	483,904	9,904
EXPENDITURES:				
Recreation and Culture	481,440	481,440	431,516	49,924
TOTAL EXPENDITURES	481,440	481,440	431,516	49,924
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (7,440)	\$ (7,440)	52,388	\$ 59,828
FUND BALANCE, OCTOBER 1			354,388	
FUND BALANCE, SEPTEMBER 30			\$ 406,776	

Required Supplementary Information
 Budgetary Comparison Schedule
 Housing Commission
 Year Ended September 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 212,752	\$ 212,752	\$ 190,729	\$ (22,023)
Interest and Rentals	-	-	22	22
Other Revenue	54,741	54,741	73,538	18,797
TOTAL REVENUES	<u>267,493</u>	<u>267,493</u>	<u>264,289</u>	<u>(3,204)</u>
EXPENDITURES:				
Health and Welfare	<u>267,493</u>	<u>267,493</u>	<u>244,075</u>	<u>23,418</u>
TOTAL EXPENDITURES	<u>267,493</u>	<u>267,493</u>	<u>244,075</u>	<u>23,418</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	20,214	<u>\$ 20,214</u>
FUND BALANCE, OCTOBER 1			<u>42,021</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 62,235</u>	

Other Information

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

Special Revenue Funds

	Revenue Sharing	Special Projects	Regional DWI Sobriety Court	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 81,687	\$ 21,236	\$ 701	\$ 18,012	\$ 64,831	\$ 450	\$ 51,604	\$ 17,046
Receivables:								
Accounts	-	-	-	-	-	-	44,569	50
Grants	-	-	70,765	-	-	11,165	-	-
Taxes	-	-	-	-	1,636	-	-	-
Notes	-	147,395	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid Item	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 81,687</u>	<u>\$ 168,631</u>	<u>\$ 71,466</u>	<u>\$ 18,012</u>	<u>\$ 66,467</u>	<u>\$ 11,615</u>	<u>\$ 96,173</u>	<u>\$ 17,096</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 5,234	\$ -	\$ 2,431	\$ -	\$ 193	\$ -
Accrued Liabilities	-	-	4,473	-	16,014	-	9,072	-
Due to Other Funds	-	-	58,000	-	-	4,000	-	-
Unearned Revenue	-	-	-	-	2,723	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>67,707</u>	<u>-</u>	<u>21,168</u>	<u>4,000</u>	<u>9,265</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	147,395	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	21,236	3,759	-	45,299	-	-	-
Committed	81,687	-	-	-	-	-	86,908	-
Assigned	-	-	-	18,012	-	7,615	-	17,096
TOTAL FUND BALANCES	<u>81,687</u>	<u>21,236</u>	<u>3,759</u>	<u>18,012</u>	<u>45,299</u>	<u>7,615</u>	<u>86,908</u>	<u>17,096</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 81,687</u>	<u>\$ 168,631</u>	<u>\$ 71,466</u>	<u>\$ 18,012</u>	<u>\$ 66,467</u>	<u>\$ 11,615</u>	<u>\$ 96,173</u>	<u>\$ 17,096</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

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	\$ 11,420	\$ 7,011	\$ 7,792	\$ 69,299	\$ 3,929	\$ 18,891	\$ 19,725	\$ 36,623
Receivables:								
Accounts	1,348	-	-	23,878	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid Item	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,768</u>	<u>\$ 7,011</u>	<u>\$ 7,792</u>	<u>\$ 93,177</u>	<u>\$ 3,929</u>	<u>\$ 18,891</u>	<u>\$ 19,725</u>	<u>\$ 36,623</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 259	\$ 3,603	\$ -	\$ -	\$ -	\$ 1,793
Accrued Liabilities	-	28	-	1,860	-	2,989	-	2,426
Due to Other Funds	-	-	-	2,000	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>28</u>	<u>259</u>	<u>7,463</u>	<u>-</u>	<u>2,989</u>	<u>-</u>	<u>4,219</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	12,768	6,983	-	85,714	-	15,902	-	-
Assigned	-	-	7,533	-	3,929	-	19,725	32,404
TOTAL FUND BALANCES	<u>12,768</u>	<u>6,983</u>	<u>7,533</u>	<u>85,714</u>	<u>3,929</u>	<u>15,902</u>	<u>19,725</u>	<u>32,404</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 12,768</u>	<u>\$ 7,011</u>	<u>\$ 7,792</u>	<u>\$ 93,177</u>	<u>\$ 3,929</u>	<u>\$ 18,891</u>	<u>\$ 19,725</u>	<u>\$ 36,623</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

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	\$ 15,890	\$ 7,778	\$ 568	\$ 5,236	\$ 5,567	\$ 7,987	\$ 5,051	\$ 1,632
Receivables:								
Accounts	-	-	19,388	-	-	-	-	108,707
Grants	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepid Item	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 15,890	\$ 7,778	\$ 19,956	\$ 5,236	\$ 5,567	\$ 7,987	\$ 5,051	\$ 110,339
LIABILITIES:								
Accounts Payable	-	\$ 7,778	-	-	-	-	\$ 306	-
Accrued Liabilities	-	-	-	-	222	-	-	9,885
Due to Other Funds	-	-	8,000	-	-	-	-	68,000
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	7,778	8,000	-	222	-	306	77,885
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	32,454
Committed	15,890	-	11,956	-	5,345	7,987	-	-
Assigned	-	-	-	5,236	-	-	4,745	-
TOTAL FUND BALANCES	15,890	-	11,956	5,236	5,345	7,987	4,745	32,454
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 15,890	\$ 7,778	\$ 19,956	\$ 5,236	\$ 5,567	\$ 7,987	\$ 5,051	\$ 110,339

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

	Special Revenue Funds							
	2009 Homeland Security	Correction Officer Training	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust	Hatchery Restoration	2014 Homeland Security
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 20,270	\$ 11,023	\$ 13,268	\$ 24,071	\$ 157,309	\$ 815	\$ 12,207	\$ 21,197
Receivables:								
Accounts	-	2,078	-	43,079	-	-	-	-
Grants	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	169	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid Item	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 20,270</u>	<u>\$ 13,101</u>	<u>\$ 13,268</u>	<u>\$ 67,150</u>	<u>\$ 157,478</u>	<u>\$ 815</u>	<u>\$ 12,207</u>	<u>\$ 21,197</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ -	\$ 57,260	\$ 1,572	\$ -	\$ -	-
Accrued Liabilities	-	-	-	6,276	1,431	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	169	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,536</u>	<u>3,172</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	13,268	3,614	-	-	-	21,197
Committed	20,270	13,101	-	-	-	815	12,207	-
Assigned	-	-	-	-	154,306	-	-	-
TOTAL FUND BALANCES	<u>20,270</u>	<u>13,101</u>	<u>13,268</u>	<u>3,614</u>	<u>154,306</u>	<u>815</u>	<u>12,207</u>	<u>21,197</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 20,270</u>	<u>\$ 13,101</u>	<u>\$ 13,268</u>	<u>\$ 67,150</u>	<u>\$ 157,478</u>	<u>\$ 815</u>	<u>\$ 12,207</u>	<u>\$ 21,197</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

	Special Revenue Funds					Debt Service Funds		
	Revenue Sharing Reserve	Commission on Aging	Concealed Pistol Licensing	2015 Homeland Security	Court House Preservation	Library Debt	Animal Shelter	MERS Retirement
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 500	\$ 320,256	\$ 11,881	\$ 1,200	\$ 11,528	\$ 560	\$ 5,064	\$ 19,237
Receivables:								
Accounts	-	987	-	-	-	-	-	-
Grants	-	-	-	27,079	-	-	-	-
Taxes	-	1,017	-	-	-	312	426	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	5,911	-	-	-	-	-	-
Prepaid Item	-	2,296	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 500</u>	<u>\$ 330,467</u>	<u>\$ 11,881</u>	<u>\$ 28,279</u>	<u>\$ 11,528</u>	<u>\$ 872</u>	<u>\$ 5,490</u>	<u>\$ 19,237</u>
LIABILITIES:								
Accounts Payable	-	\$ 3,602	\$ -	\$ -	\$ 1,722	\$ -	\$ -	\$ -
Accrued Liabilities	-	16,901	-	-	-	-	-	-
Due to Other Funds	-	-	-	25,000	-	-	-	-
Unearned Revenue	-	5,880	-	-	-	46	426	-
TOTAL LIABILITIES	<u>-</u>	<u>26,383</u>	<u>-</u>	<u>25,000</u>	<u>1,722</u>	<u>46</u>	<u>426</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	8,207	-	-	-	-	-	-
Restricted	500	295,877	-	-	9,806	826	5,064	19,237
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	11,881	3,279	-	-	-	-
TOTAL FUND BALANCES	<u>500</u>	<u>304,084</u>	<u>11,881</u>	<u>3,279</u>	<u>9,806</u>	<u>826</u>	<u>5,064</u>	<u>19,237</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 500</u>	<u>\$ 330,467</u>	<u>\$ 11,881</u>	<u>\$ 28,279</u>	<u>\$ 11,528</u>	<u>\$ 872</u>	<u>\$ 5,490</u>	<u>\$ 19,237</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2016

	Debt Service Fund	County Building Renovation	Totals
ASSETS:			
Cash and Equivalents - Unrestricted	\$ 805		\$ 1,111,157
Receivables:			
Accounts	-		244,084
Grants	-		109,009
Taxes	-		3,560
Notes	-		147,395
Inventory	-		5,911
Prepaid Item	-		2,296
Due from Other Funds	-		-
	\$ 805		\$ 1,623,412
LIABILITIES:			
Accounts Payable	\$ -		\$ 85,753
Accrued Liabilities	-		71,577
Due to Other Funds	-		165,000
Unearned Revenue	-		9,244
	-		331,574
DEFERRED INFLOWS:			
Unavailable Revenue - Loans	-		147,395
	-		-
FUND BALANCES:			
Nonspendable	-		8,207
Restricted	805		472,942
Committed	-		377,533
Assigned	-		285,761
	805		1,144,443
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
	\$ 805		\$ 1,623,412

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2016

	Special Revenue Funds							
	Revenue Sharing	Special Projects	Regional DWI Sobriety Court	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 484,754	\$ -	\$ -	\$ -
Federal Sources	-	-	257,628	-	-	-	268,707	-
Licenses and Permits	-	-	-	-	-	-	-	60
State Sources	319,944	-	-	-	-	-	1,161	-
Local Sources	-	-	-	2,196	8,533	59,678	-	-
Charges for Services	-	-	28,330	52,984	-	-	20,137	2,540
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenues	13,239	10,603	-	-	15,681	-	-	-
TOTAL REVENUES	333,183	10,603	285,958	55,180	508,968	59,678	290,005	2,600
EXPENDITURES:								
General Government	-	-	-	47,246	-	-	-	-
Judicial	-	-	-	-	-	84,770	351,274	1,229
Public Safety	-	-	-	-	644,777	-	-	-
Health and Welfare	-	-	289,076	-	-	-	-	-
Community/Economic Development	-	2,455	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	2,455	289,076	47,246	644,777	84,770	351,274	1,229
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	333,183	8,148	(3,118)	7,934	(135,809)	(25,092)	(61,269)	1,371
OTHER FINANCING SOURCES (USES):								
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	-	162,000	25,136	43,381	-
Transfers Out	(423,641)	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(90,458)	8,148	(3,118)	7,934	26,191	44	(17,888)	1,371
FUND BALANCES, OCTOBER 1	172,145	13,088	6,877	10,078	19,108	7,571	104,796	15,725
FUND BALANCES, SEPTEMBER 30	\$ 81,687	\$ 21,236	\$ 3,759	\$ 18,012	\$ 45,299	\$ 7,615	\$ 86,908	\$ 17,096

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2016

	Special Revenue Funds							
	Sports Complex	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	Building and Zoning
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	79,050	-
Licenses and Permits	-	-	-	-	-	-	-	117,318
State Sources	-	-	-	-	1,301	-	-	-
Local Sources	-	-	-	-	-	30,000	-	-
Charges for Services	-	-	-	110,057	-	-	-	-
Interest and Rentals	-	11,875	-	100	-	-	-	-
Other Revenues	1,347	-	-	3,482	-	-	-	170
TOTAL REVENUES	1,347	11,875	-	113,639	1,301	30,000	79,050	117,488
EXPENDITURES:								
General Government	-	31,334	-	120,810	-	-	97,008	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	49,171	-	112,110
Health and Welfare	-	-	99,156	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	3,890	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,890	31,334	99,156	120,810	-	49,171	97,008	112,110
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,543)	(19,459)	(99,156)	(7,171)	1,301	(19,171)	(17,958)	5,378
OTHER FINANCING SOURCES (USES):								
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers In	2,916	11,000	105,000	-	-	31,375	-	-
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	373	(8,459)	5,844	(7,171)	1,301	12,204	(17,958)	5,378
FUND BALANCES, OCTOBER 1	12,395	15,442	1,689	92,885	2,628	3,698	37,683	27,026
FUND BALANCES, SEPTEMBER 30	\$ 12,768	\$ 6,983	\$ 7,533	\$ 85,714	\$ 3,929	\$ 15,902	\$ 19,725	\$ 32,404

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2016**

	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
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	-	59,793	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	469,753
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenues	12,029	-	-	-	-	847	2,500	2,900
TOTAL REVENUES	12,029	-	59,793	-	-	847	2,500	472,653
EXPENDITURES:								
General Government	-	-	52,502	14,273	43,752	-	-	-
Judicial	-	-	-	-	-	-	8,823	-
Public Safety	8,824	-	-	-	-	112	-	442,694
Health and Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	8,824	-	52,502	14,273	43,752	112	8,823	442,694
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,205	-	7,291	(14,273)	(43,752)	735	(6,323)	29,959
OTHER FINANCING SOURCES (USES):								
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	-	19,203	46,000	-	7,000	-
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,205	-	7,291	4,930	2,248	735	677	29,959
FUND BALANCES, OCTOBER 1	12,685	-	4,665	306	3,097	7,252	4,068	2,495
FUND BALANCES, SEPTEMBER 30	\$ 15,890	\$ -	\$ 11,956	\$ 5,236	\$ 5,345	\$ 7,987	\$ 4,745	\$ 32,454

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2016

	Special Revenue Funds							
	2009 Homeland Security	Correction Officer Training	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust	Hatchery Restoration	2014 Homeland Security
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 135,849	\$ -	\$ -	-
Federal Sources	-	-	-	-	-	-	-	360,166
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	7,198	-	190,146	-	9,468	-	-
Local Sources	-	-	-	84,513	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	51	-	-	-	-	-
Other Revenues	-	-	1,395	39,379	-	-	-	-
TOTAL REVENUES	-	7,198	1,446	314,038	135,849	9,468	-	360,166
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	25,855	6,914	-	-	-	-	-	338,969
Health and Welfare	-	-	4,506	497,427	84,398	9,822	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	25,855	6,914	4,506	497,427	84,398	9,822	-	338,969
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(25,855)	284	(3,060)	(183,389)	51,451	(354)	-	21,197
OTHER FINANCING SOURCES (USES):								
Bond Proceeds	-	-	-	-	-	-	-	-
Transfers In	-	-	5,350	150,000	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(25,855)	284	2,290	(33,389)	51,451	(354)	-	21,197
FUND BALANCES, OCTOBER 1	46,125	12,817	10,978	37,003	102,855	1,169	12,207	-
FUND BALANCES, SEPTEMBER 30	\$ 20,270	\$ 13,101	\$ 13,268	\$ 3,614	\$ 154,306	\$ 815	\$ 12,207	\$ 21,197

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2016

	Special Revenue Funds				Debt Service Funds			
	Revenue Sharing Reserve	Commission on Aging	2015 Homeland Security	Concealed Pistol Fund	Court House Preservation	Library Debt	Animal Shelter	MERS Retirement
REVENUES:								
Taxes	-	\$ 380,941	\$ -	\$ -	\$ -	\$ 48	\$ 119	\$ -
Federal Sources	-	119,638	27,079	-	-	-	-	-
Licenses and Permits	-	-	-	13,742	-	-	-	-
State Sources	-	59,259	-	-	-	-	-	-
Local Sources	-	14,179	-	-	-	-	-	-
Charges for Services	-	80,502	-	-	48,006	-	-	-
Interest and Rentals	-	1,602	-	-	-	-	-	17,204
Other Revenues	-	79,925	-	-	-	-	-	-
TOTAL REVENUES	-	736,046	27,079	13,742	48,006	48	119	17,204
EXPENDITURES:								
General Government	-	-	-	1,861	-	-	-	1,072,978
Judicial	-	-	-	-	41,031	-	-	1,645,232
Public Safety	-	-	23,800	-	-	-	20	4,005,783
Health and Welfare	-	744,374	-	-	-	-	-	357,659
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	19	-	71,532
Debt Service	-	-	-	-	-	-	-	306,783
TOTAL EXPENDITURES	-	744,374	23,800	1,861	41,031	19	20	7,459,967
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(8,328)	3,279	11,881	6,975	29	99	(7,442,763)
OTHER FINANCING SOURCES (USES):								
Bond Proceeds	-	-	-	-	-	-	-	7,155,000
Transfers In	-	-	-	-	-	-	-	307,000
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	(8,328)	3,279	11,881	6,975	29	99	19,237
FUND BALANCES, OCTOBER 1	500	312,412	-	-	2,831	797	4,965	-
FUND BALANCES, SEPTEMBER 30	\$ 500	\$ 304,084	\$ 3,279	\$ 11,881	\$ 9,806	\$ 826	\$ 5,064	\$ 19,237

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2016

	Debt Service Fund	
	County Building Renovation	Totals
REVENUES:		
Taxes	\$ -	\$ 1,001,711
Federal Sources	-	1,112,268
Licenses and Permits	-	131,120
State Sources	-	648,270
Local Sources	-	199,099
Charges for Services	-	812,309
Interest and Rentals	-	30,832
Other Revenues	-	183,497
TOTAL REVENUES	-	4,119,106
EXPENDITURES:		
General Government	-	1,481,764
Judicial	-	2,132,359
Public Safety	-	5,659,029
Health and Welfare	-	2,086,418
Community/Economic Development	-	2,455
Recreation and Culture	-	75,441
Debt Service	141,362	448,145
TOTAL EXPENDITURES	141,362	11,885,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(141,362)	(7,766,505)
OTHER FINANCING SOURCES (USES):		
Bond Proceeds	-	7,155,000
Transfers In	142,000	1,057,361
Transfers Out	-	(423,641)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	638	22,215
FUND BALANCES, OCTOBER 1	167	1,122,228
FUND BALANCES, SEPTEMBER 30	\$ 805	\$ 1,144,443

**Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2016**

	Sheriff Commissary	Tax Sale Proceeds	DTRF Admin	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax	2013 Delinquent Tax	2014 Delinquent Tax	Totals
ASSETS:										
Cash and Equivalents - Unrestricted	\$ 37,198	\$ 12,955	\$ -	\$ 75,627	\$ 38,141	\$ 848	\$ 3,943	\$ 3,735	\$ 7,240	\$ 179,687
Receivables:										
Taxes	-	-	-	413	417	1,113	1,226	1,348	155,911	160,428
Interest	-	-	-	97	247	-	-	229	43,995	44,568
Due from Other Funds	-	400,000	-	45,000	-	180,000	285,000	325,000	-	1,235,000
Due from Others	15,718	-	-	703	1,503	-	-	3,704	4,997	26,625
TOTAL ASSETS	<u>\$ 52,916</u>	<u>\$ 412,955</u>	<u>\$ -</u>	<u>\$ 121,840</u>	<u>\$ 40,308</u>	<u>\$ 181,961</u>	<u>\$ 290,169</u>	<u>\$ 334,016</u>	<u>\$ 212,143</u>	<u>\$ 1,646,308</u>
LIABILITIES:										
Accounts Payable	\$ 222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220	\$ 442
Due to Other Funds	-	-	-	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	3,197	1,263	4,434	1,390	2,458	1,770	14,512
TOTAL LIABILITIES	<u>222</u>	<u>-</u>	<u>-</u>	<u>3,197</u>	<u>1,263</u>	<u>4,434</u>	<u>1,390</u>	<u>2,458</u>	<u>1,990</u>	<u>14,954</u>
NET POSITION:										
Unrestricted	<u>52,694</u>	<u>412,955</u>	<u>-</u>	<u>118,643</u>	<u>39,045</u>	<u>177,527</u>	<u>288,779</u>	<u>331,558</u>	<u>210,153</u>	<u>1,631,354</u>
TOTAL NET POSITION	<u>52,694</u>	<u>412,955</u>	<u>-</u>	<u>118,643</u>	<u>39,045</u>	<u>177,527</u>	<u>288,779</u>	<u>331,558</u>	<u>210,153</u>	<u>1,631,354</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 52,916</u>	<u>\$ 412,955</u>	<u>\$ -</u>	<u>\$ 121,840</u>	<u>\$ 40,308</u>	<u>\$ 181,961</u>	<u>\$ 290,169</u>	<u>\$ 334,016</u>	<u>\$ 212,143</u>	<u>\$ 1,646,308</u>

County of Crawford, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds Year Ended September 30, 2016

	Sheriff Commissary	Tax Sale Proceeds	DTRF Admin	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax	2013 Delinquent Tax	2014 Delinquent Tax	Totals
OPERATING REVENUES:										
Charges for Services	\$ 76,030	\$ -	\$ -	\$ 358	\$ 804	\$ 940	\$ 10,511	\$ 332,158	\$ 75,353	\$ 496,154
Interest and Rentals	-	-	-	-	-	-	47	12,647	75,832	88,526
TOTAL OPERATING REVENUES	76,030	-	-	358	804	940	10,558	344,805	151,185	584,680
OPERATING EXPENSES:										
Supplies	-	-	-	-	-	-	-	90	90	180
Contracted Services	-	87,078	-	-	-	-	-	11,220	27,248	125,546
Other Expenses	40,958	-	-	-	-	15	17,545	5,813	1,926	66,257
TOTAL OPERATING EXPENSES	40,958	87,078	-	-	-	15	17,545	17,123	29,264	191,983
OPERATING INCOME (LOSS)	35,072	(87,078)	-	358	804	925	(6,987)	327,682	121,921	392,697
NON-OPERATING REVENUES (EXPENSES):										
Interest Expense	-	-	-	-	-	-	-	-	(3,492)	(3,492)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	-	-	-	-	-	(3,492)	(3,492)
INCOME (LOSS) BEFORE TRANSFERS	35,072	(87,078)	-	358	804	925	(6,987)	327,682	118,429	389,205
Transfers In	-	250,554	57,055	-	-	-	-	-	-	307,609
Transfers Out	-	-	(57,055)	-	(307,000)	(142,000)	(7,859)	(242,695)	-	(756,609)
NET INCOME (LOSS)	35,072	163,476	-	358	(306,196)	(141,075)	(14,846)	84,987	118,429	(59,795)
NET POSITION, OCTOBER 1	17,622	249,479	-	118,285	345,241	318,602	303,625	246,571	91,724	1,691,149
NET POSITION, SEPTEMBER 30	\$ 52,694	\$ 412,955	\$ -	\$ 118,643	\$ 39,045	\$ 177,527	\$ 288,779	\$ 331,558	\$ 210,153	\$ 1,631,354

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2016**

	Sheriff Commissary	Tax Sale Proceeds	DTRF Admin	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax	2013 Delinquent Tax	2014 Delinquent Tax	Totals
Cash Flows from Operating Activities:										
Receipts from Customers	\$ 60,312	\$ -	\$ -	\$ (573)	\$ (670)	\$ 2,973	\$ 28,117	\$ 658,038	\$ 851,959	\$ 1,600,156
Payments to Suppliers	(41,156)	(87,078)	-	-	-	(15)	(16,155)	(15,734)	(27,285)	(187,423)
Internal Activity - Payments/Receipts with Other Funds	-	(151,000)	-	75,325	345,263	139,171	(5,000)	(396,000)	-	7,759
Net Cash Provided (Used) by Operating Activities	19,156	(238,078)	-	74,752	344,593	142,129	6,962	246,304	824,674	1,420,492
Cash Flows from Capital Financing Activities:										
Interest Payments	-	-	-	-	-	-	-	-	(3,492)	(3,492)
Principal Payments	-	-	-	-	-	-	-	-	(900,000)	(900,000)
Net Cash Provided (Used) by Capital Financing Activities	-	-	-	-	-	-	-	-	(903,492)	(903,492)
Cash Flows from Noncapital Financing Activities:										
Transfers In	-	250,554	57,055	-	-	-	-	-	-	307,609
Transfers Out	-	-	(57,055)	-	(307,000)	(142,000)	(7,859)	(242,695)	-	(756,609)
Cash Provided (Used) by Noncapital Financing Activities	-	250,554	-	-	(307,000)	(142,000)	(7,859)	(242,695)	-	(449,000)
Net Increase in Cash and Equivalents	19,156	12,476	-	74,752	37,593	129	(897)	3,609	(78,818)	68,000
Cash and Equivalents - Beginning of Year	18,042	479	-	875	548	719	4,840	126	86,058	111,687
Cash and Equivalents - End of Year	\$ 37,198	\$ 12,955	\$ -	\$ 75,627	\$ 38,141	\$ 848	\$ 3,943	\$ 3,735	\$ 7,240	\$ 179,687
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Operating Income (Loss)	\$ 35,072	\$ (87,078)	\$ -	\$ 358	\$ 804	\$ 925	\$ (6,987)	\$ 327,682	\$ 121,921	\$ 392,697
Decrease (Increase) in Assets:										
Taxes Receivable	-	-	-	(233)	(373)	1,047	6,646	239,134	680,180	926,401
Interest Receivable	-	-	-	(97)	(247)	-	1,933	66,388	14,256	82,233
Other Assets	-	-	-	-	-	-	-	-	-	-
Due from Others	(15,718)	-	-	(601)	(854)	986	8,980	7,711	6,338	6,842
Due from Other Funds	-	(151,000)	-	73,000	344,000	137,000	(5,000)	(325,000)	-	73,000
Increase (Decrease) in Liabilities:										
Accounts Payable	(198)	-	-	-	-	-	-	(898)	220	(876)
Due to Other Funds	-	-	-	-	-	-	-	(71,000)	-	(71,000)
Due to Governmental Units	-	-	-	2,325	1,263	2,171	1,390	2,287	1,759	11,195
Net Cash Provided (Used) by Operating Activities	\$ 19,156	\$ (238,078)	\$ -	\$ 74,752	\$ 344,593	\$ 142,129	\$ 6,962	\$ 246,304	\$ 824,674	\$ 1,420,492

County of Crawford, Michigan

**Combining Agency Funds
For the Year Ended September 30, 2016**

	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	\$ 1,599,571	\$ 202,038	\$ 39,313	\$ 17,015	\$ 18,727	\$ 21	\$ 100,998	\$ 1,977,683
Due from Other	-	-	-	-	-	579	-	579
Taxes Receivable	-	1,538	-	-	-	-	-	1,538
TOTAL ASSETS	<u>\$ 1,599,571</u>	<u>\$ 203,576</u>	<u>\$ 39,313</u>	<u>\$ 17,015</u>	<u>\$ 18,727</u>	<u>\$ 600</u>	<u>\$ 100,998</u>	<u>\$ 1,979,800</u>
LIABILITIES:								
Accounts Payable	-	-	-	-	18,727	-	-	18,727
Due to Others	22,200	-	-	17,015	-	600	100,998	140,813
Due to Other Governmental Units	1,577,371	203,576	39,313	-	-	-	-	1,820,260
TOTAL LIABILITIES	<u>\$ 1,599,571</u>	<u>\$ 203,576</u>	<u>\$ 39,313</u>	<u>\$ 17,015</u>	<u>\$ 18,727</u>	<u>\$ 600</u>	<u>\$ 100,998</u>	<u>\$ 1,979,800</u>

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

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

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, 2016, 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 March 9, 2017. 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 2016-001.

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

March 9, 2017



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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.

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

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, 2016.

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 the Uniform Guidance, 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.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



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

March 9, 2017

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016

<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 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	16,013
Title IIICII Home Delivered Nutrition	93.045	N/A	22,568
Title IIIE EST	93.052	N/A	2,000
Title IIIE - Respite	93.052	N/A	20,000
Title IIIE - Reimbursed Kinship	93.052	N/A	231
NSIP Title IIICI	93.053	N/A	8,156
NSIP Title IIICII	93.053	N/A	18,360
Waiver-Medicaid	93.778	N/A	11,810
Total Pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.			119,638
ADMINISTRATION FOR CHILDREN AND FAMILIES:			
Pass-through from the State of Michigan Department of Human Services:			
Prosecuting Attorney - Child Support	93.563	CS/PA-13-20002	8,648
Friend of the Court - Incentive	93.563	N/A	29,904
Friend of the Court - Child Support	93.563	CS/FOC-13-20001	238,803
Total Pass-through from the State of Michigan Department of Human Services			277,355
Total U.S. Department of Health & Human Services			396,993
U.S. DEPARTMENT OF AGRICULTURE:			
<i>Direct Awards:</i>			
Rural Development	10.433	HGP 2013-2014	10,135
Total Direct Awards			10,135
Pass-through from the Michigan Department of Natural Resources:			
Bankhead Jones	10.665	N/A	10,517
Distributions to Schools and Roads	10.665	N/A	68,533
Total Pass-through from the Michigan Department of Natural Resources			79,050
Total U.S. Department of Agriculture			89,185
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Pass-through from MSHDA:			
CDBG Housing Grant Program	14.228	MSC-2011-0214-HOA	4,919
CDBG Housing Grant Program	14.228	MSC-2013-0214-HOA	175,675
Total U.S. Department of Housing & Urban Development			180,594
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through from the Michigan Department of State Police, Emergency Management Division:			
Hazardous Materials Emergency Planning	20.703	HM-HMP-0189-10-01-00	1,000
Pass-through from the State Court Administrative Office			
SCAO OHSP Grant Program	20.601	N/A	257,628
Pass-through from the Michigan Department of Transportation:			
State Administered Projects	20.205	N/A	124,813
Pass-through from the Michigan Department of Transportation:			
Administered by Crawford County Road Commission	20.205	N/A	91,906
Total U.S. Department of Transportation			475,347

See accompanying notes to schedule of expenditures of federal awards.

**Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2016**

<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 HOMELAND SECURITY:			
Pass-through from the Michigan Department of			
State Police, Emergency Management Division:			
State Homeland Security Grant	97.067	N/A	387,245
Emergency Management Performance Grant (EMPG)	97.042	EMW-2015-EP-00044-S01	13,432
Total U.S. Department of Homeland Security			<u>400,677</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,542,796</u>

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 the Uniform Guidance. 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 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At September 30, 2016, the County had a food commodity inventory totaling \$5,911.

NOTE C - 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, 2016, the Federal aid received and expended by the Road Commission was \$124,813 for contracted projects and \$91,906 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 \$750,000 or more for negotiated projects.

**NOTE D - 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	\$ 1,326,077
Add: Component Unit Expenditures	<u>216,719</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	<u>\$ 1,542,796</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 the Uniform Guidance?	No

Identification of Major Programs

CFDA NUMBERS

Name of Federal Program or Cluster

97.067	State Homeland Security Grant
20.601	SCAO OHSP Grant Program
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Significant Deficiency

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

Finding 2016-001

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.

NONE.

Additional Information

COUNTY OF CRAWFORD, MICHIGAN

ADDITIONAL INFORMATION

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON ADDITIONAL INFORMATION.....	80
Note 1 - Debt Issues Applicable to SEC Rule 15c2-12	
Disclosure Requirements	81
Note 2 - Tables:	
A. Population	81
B. Major Taxpayers	81
C. Employment Characteristics	81
D. Labor Contracts	82
E. Retirement Plans	82
F. County Tax Rates and Levies	82
G. Tax Collection Record	83
H. State Equalized Valuation.....	83
I. Taxable Valuation.....	84
J. General Fund Revenues and Expenditures	84
K. Direct Debt of County	85
L. Crawford County Bonds and Notes with County Credit Pledged	86



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

**OFFICES IN
MICHIGAN & WISCONSIN**

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, 2016, 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

March 9, 2017

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, 2016, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$1,500,000 County of Crawford Capital Improvement Bonds, Series 2009.
2. \$7,155,000 County of Crawford Pension Obligation Bonds, Series 2015.

NOTE 2 - TABLES:

A. POPULATION:

2010 U.S. Census – 14,074	1990 U.S. Census – 12,260
2000 U.S. Census – 14,273	1980 U.S. Census – 9,465

B. MAJOR TAXPAYERS:

<u>10 Largest Taxpayers</u>	<u>2016 Taxable Valuation</u>
Consumer Energy	\$ 8,753,526
Grayling Generating	8,443,524
State of Michigan	8,027,661
Weyerhaeuser	6,809,300
Breitburn Operating	6,196,049
Great Lakes Energy	4,662,590
Enbridge	4,449,800
DTE	3,434,012
Linn Operating	2,773,000
Georgia Pacific	<u>2,264,960</u>
 TOTAL (represents 10.6% Total 2016 TV)	 <u>\$ 55,814,422</u>

C. EMPLOYMENT CHARACTERISTICS:

<u>10 Largest Taxpayers</u>	<u>Product/Service</u>	<u>Number Employed</u>
Mercy H Munson Health Care Grayling	Health Care/Hospital	570
Camp Grayling/Mates	Military Base	180
Crawford Awsable Schools	School/Education	172
County of Crawford	County Government	169
Weyerhaeuser	Lumber Production	143
State of Michigan	State Gov't Agencies	126
Springs Industries	Window Treatments	114
Ramada Inn	Conference Center/Hotel	56
AJD Forest Products	Forest Products	55
Fick & Sons	Petroleum Marketers	48

NOTE 2 - TABLES: (Continued)

D. LABOR CONTRACTS:

	<u>Number</u>	<u>Expiration Date</u>
AFSCME	8	09-30-19
AFSCME – District Court	3	09-30-19
Mich. Assoc. of Public Employees	11	09-30-20
Police Officers Assoc. of Mich. - Road	9	09-30-19
Police Officers Assoc. of Mich. – Non 312	9	09-30-17
Police Officers Assoc. of Mich. – Dispatch	6	09-30-19
Command Officers Assoc. of Michigan	4	09-30-19

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

The County’s contribution to the retirement system for the fiscal year end September 30, 2015 was \$572,274 and was \$582,630 for the fiscal year ended September 30, 2016.

F. COUNTY TAX RATES & LEVIES:

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
County Operating	6.0925	6.0925	6.0925	6.0925	6.0925
Commission on Aging	1.0000	.7185	.7185	.7185	.7185
Rec. Authority	.4845	.4845	.4845	.4845	.4845
Public Transit	.7027	.7027	.7027	.7027	.7027
Library - Debt	-	-	.0690	.2100	.2300
Library – Operating	.4458	.4458	.4458	.4458	.4458
Sheriff – Operating	.8917	.8917	.8917	.8917	.8917
Veterans Office	.2500	.2500	.2500	-	-
Animal Shelter	-	-	.6300	-	-
Road Commission	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
TOTAL COUNTY	<u>10.8672</u>	<u>10.5857</u>	<u>11.2847</u>	<u>10.5457</u>	<u>10.5657</u>
COOR I/S/D	.8859	.8859	.8859	.8859	1.0030
Kirtland Comm. Coll.	<u>2.2293</u>	<u>2.2293</u>	<u>2.2293</u>	<u>2.2193</u>	<u>2.2193</u>
TOTAL ALL JURISDICTIONS	<u>13.9824</u>	<u>13.7009</u>	<u>14.3999</u>	<u>13.6509</u>	<u>13.7880</u>

NOTE 2 - TABLES: (Continued)

G. 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**	%	
2016	\$ 21,108,522	\$ 19,208,755	91.00%	100% Estimate
2015	21,597,386	19,653,621	91.00	100
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

*Includes real and personal property taxes.

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

H. STATE EQUALIZED VALUATION:

STATE EQUALIZED VALUATION (50% of True Value)			
2016	-	\$ 611,834,779	As of January 10, 2017
2015	-	608,974,225	
2014	-	624,272,260	
2013	-	612,934,010	
2012	-	586,782,914	
2011	-	621,542,296	
2010	-	713,859,372	
2009	-	791,534,717	
2008	-	791,101,930	

NOTE 2 - TABLES: (Continued)

I. TAXABLE VALUATION:

2016	\$	525,054,092	As of January 10, 2017
2015	-	534,012,715	
2014	-	541,984,234	
2013	-	537,373,485	
2012	-	523,060,504	
2011	-	545,586,933	
2010	-	579,886,885	
2009	-	603,150,662	
2008	-	580,814,210	Per Capital TV (2016) \$37,307

2016 Taxable Breakdown by Use

Residential	79.78%
Commercial	7.40
Industrial	3.60
Personal Property	9.00
Agricultural	.01
Timber	<u>.21</u>
TOTAL	<u>100.00%</u>

2016 Taxable Breakdown by Class

Real	91%
Personal	<u>9</u>
TOTAL	<u>100%</u>

J. GENERAL FUND REVENUES AND EXPENDITURES:

	<u>September 30</u>			
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues & Transfers In	\$ 5,521,051	\$ 5,443,647	\$ 5,473,251	\$ 5,177,150
Expenditures & Transfers Out	<u>5,494,896</u>	<u>5,411,480</u>	<u>5,464,083</u>	<u>5,208,654</u>
Revenues Over (Under)				
Expenditures	26,155	32,167	9,168	(31,504)
Beginning Balance	754,669	722,502	713,334	744,838
Prior Period Adjustment	-	-	-	-
Ending Balance	780,824	754,669	722,502	713,334

K. 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	\$ 915,000	\$ -	\$ 915,000
GOUT Bonds	<u>6,955,000</u>	-	<u>6,955,000</u>
	<u>\$ 7,870,000</u>	<u>\$ -</u>	<u>\$ 7,870,000</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	\$ 559.19
Percent County Net Direct Debt to 2016 TV	1.50%

OVERLAPPING DEBT OF COUNTY:

Cities	\$ 1,610,000
School Districts	18,273,329
Community Colleges	<u>1,739,450</u>
Net Overlapping Debt	<u>21,622,779</u>
Net County and Overlapping Debt	<u>\$ 29,492,779</u>

Per capita County Net Direct and Overlapping Debt	\$ 2,095.55
Percent Net Direct and Overlapping Debt to 2016 TV	5.62%

Source: Crawford County and Municipal Advisory Council of Michigan.

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

(Including this Issue)

Year	Capital Improvement Bonds	Pension Bonds	Total
2017	\$ 100,000	200,000	\$ 300,000
2018	100,000	275,000	375,000
2019	105,000	350,000	455,000
2020	110,000	360,000	470,000
2021	115,000	370,000	485,000
2022	120,000	385,000	505,000
2023	130,000	400,000	530,000
2024	135,000	410,000	545,000
2025	-	425,000	425,000
2026	-	440,000	440,000
2027	-	480,000	480,000
2028	-	490,000	490,000
2029	-	500,000	500,000
2030	-	495,000	495,000
2031	-	415,000	415,000
2032	-	420,000	420,000
2033	-	540,000	540,000
TOTAL	\$ 915,000	\$ 6,955,000	\$ 7,870,000



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
JON D. SWANSON, CPA

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, 2016, and have issued our report thereon dated March 9, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, and the Uniform Guidance, 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 the Uniform Guidance

As stated in our engagement letter dated September 27, 2016, 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 the Uniform Guidance.

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 the Uniform Guidance, we examined, on a test basis, evidence about the County of Crawford, Michigan's compliance with the types of compliance requirements described in the Uniform Guidance 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 September 27, 2016.

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. One new accounting policy was adopted, GASB Statement No. 72 Fair Value Measurement and Application, 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. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. 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 March 9, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Comments and Recommendations

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.

Inventory Recording (Prior Year)

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.

Status: Uncorrected.

Housing Commission Budget (Prior Year)

The Housing Commission did not adopt a budget in accordance with the State's time table. A budget must be adopted prior to the new year.

Status: Corrected

State Chart of Accounts

Over the course of our fieldwork, it was noted that a transfer account did not have the "999" coding as prescribed by the Michigan Department of Treasury's Uniform Chart of Accounts. It is our recommendation that account coding be consistent with the Uniform Chart of Accounts.

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

March 9, 2017