

**County of Crawford, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**September 30, 2017**

**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

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

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**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, 2017, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 20, 2018 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 20, 2018

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

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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, 2017.

**Financial Highlights**

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$4,301,926. Of this amount, \$668,146 is restricted.
- The total net position of the County decreased by \$643,676. Net position of our governmental activities decreased by \$697,724 while net position of our business-type activities increased by \$54,048.
- During the year, the County had expenses for governmental activities that were \$11,261,171 and expenses for business-type activities that were \$195,687.

**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 tax 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, 2017 and 2016.

|                                     | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total               |                     |
|-------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
|                                     | 2017                       | 2016                | 2017                        | 2016                | 2017                | 2016                |
| Current Assets                      | \$ 4,755,841               | \$ 4,546,378        | \$ 3,329,117                | \$ 3,365,906        | \$ 8,084,958        | \$ 7,912,284        |
| Capital Assets                      | 7,580,611                  | 7,705,144           | -                           | -                   | 7,580,611           | 7,705,144           |
| <b>Total Assets</b>                 | <b>12,336,452</b>          | <b>12,251,522</b>   | <b>3,329,117</b>            | <b>3,365,906</b>    | <b>15,665,569</b>   | <b>15,617,428</b>   |
| Deferred Outflows<br>of Resources   | 270,151                    | 9,245,945           | -                           | -                   | 270,151             | 9,245,945           |
| Current Liabilities                 | 889,070                    | 789,986             | 705,523                     | 796,360             | 1,594,593           | 1,586,346           |
| Noncurrent Liabilities              | 9,787,162                  | 18,331,425          | -                           | -                   | 9,787,162           | 18,331,425          |
| <b>Total Liabilities</b>            | <b>10,676,232</b>          | <b>19,121,411</b>   | <b>705,523</b>              | <b>796,360</b>      | <b>11,381,755</b>   | <b>19,917,771</b>   |
| Deferred Inflows<br>of Resources    | 252,039                    | -                   | -                           | -                   | 252,039             | -                   |
| <b>Net Position</b>                 |                            |                     |                             |                     |                     |                     |
| Net Investment in<br>Capital Assets | 6,765,611                  | 6,790,144           | -                           | -                   | 6,765,611           | 6,790,144           |
| Restricted                          | 668,146                    | 535,177             | -                           | -                   | 668,146             | 535,177             |
| Unrestricted                        | (5,755,425)                | (4,949,265)         | 2,623,594                   | 2,569,546           | (3,131,831)         | (2,379,719)         |
| <b>Total Net Position</b>           | <b>\$ 1,678,332</b>        | <b>\$ 2,376,056</b> | <b>\$ 2,623,594</b>         | <b>\$ 2,569,546</b> | <b>\$ 4,301,926</b> | <b>\$ 4,945,602</b> |

The current level of unrestricted net position for our governmental activities stands at (\$5,755,425).

Net position of the governmental activities decreased 29%. Net position of the business – type activities increased 2%.

The following table shows the activities of the County.

|                                       | Governmental<br>Activities |                     | Business-type<br>Activities |                     | Total               |                     |
|---------------------------------------|----------------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|
|                                       | 2017                       | 2016                | 2017                        | 2016                | 2017                | 2016                |
| Program Revenues                      |                            |                     |                             |                     |                     |                     |
| Charges for Services                  | \$ 2,288,986               | \$ 2,247,935        | \$ 463,644                  | \$ 692,760          | \$ 2,752,630        | \$ 2,940,695        |
| Operating Grants and<br>Contributions | 2,409,569                  | 2,352,391           | -                           | -                   | 2,409,569           | 2,352,391           |
| General Revenues                      |                            |                     |                             |                     |                     |                     |
| Property Taxes                        | 5,081,808                  | 5,096,038           | -                           | -                   | 5,081,808           | 5,096,038           |
| Federal, State, Local -<br>General    | 210,530                    | -                   | -                           | -                   | 210,530             | -                   |
| Investment Earnings                   | 28,435                     | 44,473              | 6,262                       | 5,171               | 34,697              | 49,644              |
| Revenue Sharing                       | 323,948                    | 319,944             | -                           | -                   | 323,948             | 319,944             |
| Transfers                             | 220,171                    | 506,055             | (220,171)                   | (506,055)           | -                   | -                   |
| <b>Total Revenues</b>                 | <b>10,563,447</b>          | <b>10,566,836</b>   | <b>249,735</b>              | <b>191,876</b>      | <b>10,813,182</b>   | <b>10,758,712</b>   |
| Program Expenses                      |                            |                     |                             |                     |                     |                     |
| Legislative                           | 124,951                    | 131,358             | -                           | -                   | 124,951             | 131,358             |
| Judicial                              | 1,872,245                  | 1,825,307           | -                           | -                   | 1,872,245           | 1,825,307           |
| General Government                    | 1,859,456                  | 2,014,659           | -                           | -                   | 1,859,456           | 2,014,659           |
| Public Safety                         | 4,416,055                  | 4,867,611           | -                           | -                   | 4,416,055           | 4,867,611           |
| Health and Welfare                    | 2,311,796                  | 2,033,391           | -                           | -                   | 2,311,796           | 2,033,391           |
| Community/Economic<br>Development     | 854                        | 2,455               | -                           | -                   | 854                 | 2,455               |
| Recreation and Culture                | 500,984                    | 474,711             | -                           | -                   | 500,984             | 474,711             |
| Interest Expense - Unallocated        | 56,650                     | 169,125             | -                           | -                   | 56,650              | 169,125             |
| Other Expenses                        | 118,180                    | 136,783             | -                           | -                   | 118,180             | 136,783             |
| Sheriff Commissary                    | -                          | -                   | 31,356                      | 40,958              | 31,356              | 40,958              |
| Tax Collection                        | -                          | -                   | 164,331                     | 176,183             | 164,331             | 176,183             |
| <b>Total Expenses</b>                 | <b>11,261,171</b>          | <b>11,655,400</b>   | <b>195,687</b>              | <b>217,141</b>      | <b>11,456,858</b>   | <b>11,872,541</b>   |
| Changes in Net Position               | (697,724)                  | (1,088,564)         | 54,048                      | (25,265)            | (643,676)           | (1,113,829)         |
| Net Position - Beginning              | 2,376,056                  | 3,464,620           | 2,569,546                   | 2,594,811           | 4,945,602           | 6,059,431           |
| Net Position - Ending                 | <u>\$ 1,678,332</u>        | <u>\$ 2,376,056</u> | <u>\$ 2,623,594</u>         | <u>\$ 2,569,546</u> | <u>\$ 4,301,926</u> | <u>\$ 4,945,602</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 2017 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 2016. As to the revenues, the General Fund received an additional \$98,000 overall with the lion's share of the increase due to the State mandated change in recording fees along with the personal property tax reimbursement. The County had to transfer more dollars into the general fund from the State Revenue Sharing dollars. General tax revenue showed an increase of 1.4% which is still significantly lower than ten years ago but is moving in a positive direction. On the expense side, transfers out experienced a significant increase, predominantly due to costs associated with the Child Care Fund. The County saw an 83% increase in Child Care Fund expenses in 2017. Another area that shows a significant increase to the previous year is the Medical Examiner costs which saw an increase of close to 90% of the previous year.

### Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2017, amounted to \$7,580,611 (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 \$124,533.

Major capital asset events during the current fiscal year include

- Purchases of vehicles of \$64,656.
- Purchases of equipment of \$13,036.

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 \$10,861,976. Of this amount \$7,570,000 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, notes payable, OPEB obligations and net pension liability.

The County reduced its debt by \$1,475,186 in principal payments and increased its debt by \$1 million in tax anticipation notes.

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. To date, Crawford County taxable value is \$72 million below the County taxable value of 2009.
- 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. Although the major construction of the Arauco particle board plant will not increase taxable values for a number of years, we remain hopeful that subsequent growth in that area of the County will boost/accelerate our economic growth.

**Component Unit**

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**

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# County of Crawford, Michigan

## Statement of Net Position September 30, 2017

|  | Primary Government         |                             |                     | Road                            |
|--|----------------------------|-----------------------------|---------------------|---------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total               | Commission<br>Component<br>Unit |
| <b>ASSETS:</b>                                       |                            |                             |                     |                                 |
| Cash and Equivalents - Unrestricted                  | \$ 1,962,228               | \$ 829,508                  | \$ 2,791,736        | \$ 2,300,283                    |
| Receivables:   |                            |                             |                     |                                 |
| Accounts   | 345,979                    | -                           | 345,979             | 1,557                           |
| Grants   | 458,926                    | -                           | 458,926             | 621,233                         |
| Taxes  | 1,712,006                  | 872,465                     | 2,584,471           | -                               |
| Interest   | -                          | 103,641                     | 103,641             | -                               |
| Notes  | 1,718,418                  | -                           | 1,718,418           | -                               |
| Prepaid Items  | 29,005                     | -                           | 29,005              | 126,795                         |
| Inventory  | 24,279                     | -                           | 24,279              | 473,195                         |
| Internal Loans                                       | (1,495,000)                | 1,495,000                   | -                   | -                               |
| Other Assets   | -                          | 28,503                      | 28,503              | 26,607                          |
| Capital Assets (Not Depreciated)                     | 4,930,000                  | -                           | 4,930,000           | 221,499                         |
| Capital Assets (Net of Accumulated Depreciation)     | 2,650,611                  | -                           | 2,650,611           | 16,459,614                      |
| <b>TOTAL ASSETS</b>                                  | <b>12,336,452</b>          | <b>3,329,117</b>            | <b>15,665,569</b>   | <b>20,230,783</b>               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                            |                             |                     |                                 |
| Pension earnings and contributions                   | 270,151                    | -                           | 270,151             | 855,366                         |
| <b>LIABILITIES:</b>                                  |                            |                             |                     |                                 |
| Accounts Payable                                     | 171,648                    | 1,445                       | 173,093             | 762,733                         |
| Accrued Liabilities                                  | 216,715                    | -                           | 216,715             | 66,679                          |
| Accrued Interest Payable                             | 38,771                     | -                           | 38,771              | -                               |
| Advances from State                                  | -                          | -                           | -                   | 131,184                         |
| Due to Other Governmental Units                      | -                          | 4,264                       | 4,264               | 14,563                          |
| Unearned Revenue                                     | 86,936                     | -                           | 86,936              | 68,646                          |
| Installment Purchases - Due within one year          | -                          | -                           | -                   | 238,649                         |
| Installment Purchases - Due in more than one year    | -                          | -                           | -                   | 780,513                         |
| Notes Payable - Due within one year                  | -                          | 699,814                     | 699,814             | -                               |
| Bonds Payable - Due within one year                  | 375,000                    | -                           | 375,000             | -                               |
| Bonds Payable - Due in more than one year            | 7,195,000                  | -                           | 7,195,000           | -                               |
| Net Pension Liability - Due in more than one year    | 108,987                    | -                           | 108,987             | 5,936,090                       |
| Vested Employee Benefits - Due within one year       | -                          | -                           | -                   | 9,975                           |
| Vested Employee Benefits - Due in more than one year | 109,764                    | -                           | 109,764             | 209,049                         |
| OPEB - Due in more than one year                     | 2,373,411                  | -                           | 2,373,411           | -                               |
| <b>TOTAL LIABILITIES</b>                             | <b>10,676,232</b>          | <b>705,523</b>              | <b>11,381,755</b>   | <b>8,218,081</b>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                            |                             |                     |                                 |
| Pension investment experience                        | 252,039                    | -                           | 252,039             | 43,674                          |
| <b>NET POSITION:</b>                                 |                            |                             |                     |                                 |
| Net Investment in Capital Assets                     | 6,765,611                  | -                           | 6,765,611           | 15,661,951                      |
| Restricted (Deficit)                                 | 668,146                    | -                           | 668,146             | -                               |
| Unrestricted   | (5,755,425)                | 2,623,594                   | (3,131,831)         | (2,837,557)                     |
| <b>TOTAL NET POSITION</b>                            | <b>\$ 1,678,332</b>        | <b>\$ 2,623,594</b>         | <b>\$ 4,301,926</b> | <b>\$ 12,824,394</b>            |

See accompanying notes to financial statements.



# County of Crawford, Michigan

## Statement of Activities Year Ended September 30, 2017

| Functions/Programs                     | Expenses             | Program Revenues        |  |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                     | Road                 |
|--|----------------------|-------------------------|--|--|--|-----------------------------|---------------------|----------------------|
|  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Primary Government                                   |                             |                     | Commission           |
|  |                      |                         |  |  | Governmental<br>Activities                           | Business-type<br>Activities | Total               | Component<br>Unit    |
| <b>Primary Government:</b>             |                      |                         |  |  |  |                             |                     |                      |
| <b>Governmental Activities:</b>        |                      |                         |  |  |  |                             |                     |                      |
| Legislative                            | \$ 124,951           | \$ -                    | \$ -                                     | \$ -                                   | \$ (124,951)   | \$ -                        | \$ (124,951)        | \$ -                 |
| Judicial                               | 1,872,245            | 497,073                 | 773,359                                  | -                                      | (601,813)  | -                           | (601,813)           | -                    |
| General Government                     | 1,859,456            | 488,299                 | 420,845                                  | -                                      | (950,312)  | -                           | (950,312)           | -                    |
| Public Safety                          | 4,416,055            | 754,320                 | 295,019                                  | -                                      | (3,366,716)  | -                           | (3,366,716)         | -                    |
| Health and Welfare                     | 2,311,796            | 314,494                 | 917,596                                  | -                                      | (1,079,706)  | -                           | (1,079,706)         | -                    |
| Community/Economic Development         | 854                  | 10,373                  | -  | -                                      | 9,519  | -                           | 9,519               | -                    |
| Recreation and Culture                 | 500,984              | 224,427                 | 2,750                                    | -                                      | (273,807)  | -                           | (273,807)           | -                    |
| Interest Expense - Unallocated         | 56,650               | -                       | -  | -                                      | (56,650)   | -                           | (56,650)            | -                    |
| Other Expenses                         | 118,180              | -                       | -  | -                                      | (118,180)  | -                           | (118,180)           | -                    |
| Total Governmental Activities          | <u>11,261,171</u>    | <u>2,288,986</u>        | <u>2,409,569</u>                         | <u>-</u>                               | <u>(6,562,616)</u>                                   | <u>-</u>                    | <u>(6,562,616)</u>  | <u>-</u>             |
| <b>Business-type Activities:</b>       |                      |                         |  |  |  |                             |                     |                      |
| Sheriff Commissary                     | 31,356               | 46,097                  | -  | -                                      | -  | 14,741                      | 14,741              | -                    |
| Tax Collection                         | 164,331              | 417,547                 | -  | -                                      | -  | 253,216                     | 253,216             | -                    |
| Total Business-type Activities         | <u>195,687</u>       | <u>463,644</u>          | <u>-</u>                                 | <u>-</u>                               | <u>-</u>   | <u>267,957</u>              | <u>267,957</u>      | <u>-</u>             |
| Total Primary Government               | <u>\$ 11,456,858</u> | <u>\$ 2,752,630</u>     | <u>\$ 2,409,569</u>                      | <u>\$ -</u>                            | <u>(6,562,616)</u>                                   | <u>267,957</u>              | <u>(6,294,659)</u>  | <u>-</u>             |
| <b>Component Unit:</b>                 |                      |                         |  |  |  |                             |                     |                      |
| Road Commission                        | <u>\$ 5,325,662</u>  | <u>\$ 1,873,142</u>     | <u>\$ 3,368,672</u>                      | <u>\$ 530,295</u>                      |  |                             |                     | <u>446,447</u>       |
| Total Component Unit                   | <u>5,325,662</u>     | <u>1,873,142</u>        | <u>3,368,672</u>                         | <u>530,295</u>                         |  |                             |                     | <u>446,447</u>       |
| Total                                  | <u>\$ 16,782,520</u> | <u>\$ 4,625,772</u>     | <u>\$ 5,778,241</u>                      | <u>\$ 530,295</u>                      |  |                             |                     |                      |
| <b>General Revenues and Transfers:</b> |                      |                         |  |  |  |                             |                     |                      |
| Taxes                                  |                      |                         |  |  | 5,081,808  | -                           | 5,081,808           | 574,404              |
| Federal, State, and Local - General    |                      |                         |  |  | 210,530  | -                           | 210,530             | -                    |
| Investment Earnings                    |                      |                         |  |  | 28,435   | 6,262                       | 34,697              | 7,057                |
| Revenue Sharing                        |                      |                         |  |  | 323,948  | -                           | 323,948             | -                    |
| Gain (Loss) on Equipment Disposal      |                      |                         |  |  | -  | -                           | -                   | 78,269               |
| Transfers                              |                      |                         |  |  | 220,171  | (220,171)                   | -                   | -                    |
| Total General Revenues and Transfers   |                      |                         |  |  | <u>5,864,892</u>                                     | <u>(213,909)</u>            | <u>5,650,983</u>    | <u>659,730</u>       |
| Change in Net Position                 |                      |                         |  |  | (697,724)  | 54,048                      | (643,676)           | 1,106,177            |
| Net Position - Beginning               |                      |                         |  |  | <u>2,376,056</u>                                     | <u>2,569,546</u>            | <u>4,945,602</u>    | <u>11,718,217</u>    |
| <b>Net Position - Ending</b>           |                      |                         |  |  | <u>\$ 1,678,332</u>                                  | <u>\$ 2,623,594</u>         | <u>\$ 4,301,926</u> | <u>\$ 12,824,394</u> |

# County of Crawford, Michigan

## Balance Sheet Governmental Funds September 30, 2017

|  | General                    | County<br>Library        | Housing<br>Commission      | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------------|--------------------------|----------------------------|-----------------------------------|--------------------------------|
| <b>ASSETS:</b>   |                            |                          |                            |                                   |                                |
| Cash and Equivalents - Unrestricted                              | \$ 342,821                 | \$ 528,180               | \$ 87,598                  | \$ 1,000,281                      | \$ 1,958,880                   |
| Receivables:   |                            |                          |                            |                                   |                                |
| Accounts   | -                          | -                        | -                          | 345,979                           | 345,979                        |
| Grants   | 345,989                    | -                        | -                          | 112,937                           | 458,926                        |
| Taxes  | 1,707,623                  | 823                      | -                          | 3,560                             | 1,712,006                      |
| Notes  | -                          | -                        | 1,605,351                  | 113,067                           | 1,718,418                      |
| Inventory  | -                          | -                        | -                          | 24,279                            | 24,279                         |
| Prepaid Items  | 29,005                     | -                        | -                          | -                                 | 29,005                         |
| Due from Other Funds   | -                          | -                        | -                          | 371,000                           | 371,000                        |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 2,425,438</u></b> | <b><u>\$ 529,003</u></b> | <b><u>\$ 1,692,949</u></b> | <b><u>\$ 1,971,103</u></b>        | <b><u>\$ 6,618,493</u></b>     |
| <b>LIABILITIES:</b>  |                            |                          |                            |                                   |                                |
| Accounts Payable   | \$ 48,230                  | \$ 8,001                 | \$ 1,083                   | \$ 113,996                        | \$ 171,310                     |
| Accrued Liabilities  | 115,094                    | 18,483                   | 1,642                      | 81,496                            | 216,715                        |
| Due to Other Funds   | 1,434,000                  | -                        | -                          | 432,000                           | 1,866,000                      |
| Unearned Revenue   | 2,011                      | 75,301                   | -                          | 9,624                             | 86,936                         |
| <b>TOTAL LIABILITIES</b>   | <b><u>1,599,335</u></b>    | <b><u>101,785</u></b>    | <b><u>2,725</u></b>        | <b><u>637,116</u></b>             | <b><u>2,340,961</u></b>        |
| <b>DEFERRED INFLOWS OF RESOURCES:</b>                            |                            |                          |                            |                                   |                                |
| Unavailable Revenue - Loans                                      | -                          | -                        | 1,605,351                  | 113,067                           | 1,718,418                      |
| <b>FUND BALANCES:</b>  |                            |                          |                            |                                   |                                |
| Nonspendable   | 29,005                     | -                        | -                          | 24,279                            | 53,284                         |
| Restricted   | -                          | -                        | 84,873                     | 583,273                           | 668,146                        |
| Committed  | 109,744                    | 427,218                  | -                          | 319,701                           | 856,663                        |
| Assigned   | -                          | -                        | -                          | 293,667                           | 293,667                        |
| Unassigned   | 687,354                    | -                        | -                          | -                                 | 687,354                        |
| <b>TOTAL FUND BALANCES</b>                                       | <b><u>826,103</u></b>      | <b><u>427,218</u></b>    | <b><u>84,873</u></b>       | <b><u>1,220,920</u></b>           | <b><u>2,559,114</u></b>        |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCES</b> | <b><u>\$ 2,425,438</u></b> | <b><u>\$ 529,003</u></b> | <b><u>\$ 1,692,949</u></b> | <b><u>\$ 1,971,103</u></b>        |                                |

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

|   |                            |
|---|----------------------------|
| Capital assets used by governmental activities      | 7,580,611                  |
| Deferred outflows/inflows                           | 18,112                     |
| Long-term bonds payable for governmental activities | (7,570,000)                |
| Other post employment benefit liability             | (2,373,411)                |
| Net pension liability                               | (108,987)                  |
| Compensated absences liability                      | (109,764)                  |
| Internal service funds activity                     | 3,010                      |
| Deferred revenue recognized as current revenue      | 1,718,418                  |
| Accrued interest expense                            | (38,771)                   |
| <b>Net position of governmental activities</b>      | <b><u>\$ 1,678,332</u></b> |

# County of Crawford, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2017

|   | General           | County<br>Library | Housing<br>Commission | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|-------------------|-----------------------|-----------------------------------|--------------------------------|
| <b>REVENUES:</b>  |                   |                   |                       |                                   |                                |
| Taxes   | \$ 3,688,771      | \$ 255,179        | \$ -                  | \$ 1,137,858                      | \$ 5,081,808                   |
| Licenses and Permits  | 22,379            | -                 | -                     | 127,644                           | 150,023                        |
| Federal Sources   | 24,940            | -                 | 31,827                | 789,018                           | 845,785                        |
| State Sources   | 707,205           | 2,750             | -                     | 895,926                           | 1,605,881                      |
| Local Sources   | -                 | -                 | -                     | 281,851                           | 281,851                        |
| Charges for Services  | 765,271           | -                 | -                     | 748,430                           | 1,513,701                      |
| Interest and Rentals  | 14,807            | 1,353             | 33                    | 12,242                            | 28,435                         |
| Other Revenues  | 114,217           | 219,631           | 81,581                | 396,034                           | 811,463                        |
| <b>TOTAL REVENUES</b>   | <b>5,337,590</b>  | <b>478,913</b>    | <b>113,441</b>        | <b>4,389,003</b>                  | <b>10,318,947</b>              |
| <b>EXPENDITURES:</b>  |                   |                   |                       |                                   |                                |
| Legislative   | 124,951           | -                 | -                     | -                                 | 124,951                        |
| Judicial  | 1,030,257         | -                 | -                     | 623,487                           | 1,653,744                      |
| General Government  | 1,294,229         | -                 | -                     | 340,175                           | 1,634,404                      |
| Public Safety   | 2,340,373         | -                 | -                     | 1,392,740                         | 3,733,113                      |
| Health and Welfare  | 118,145           | -                 | 90,803                | 2,056,401                         | 2,265,349                      |
| Recreation and Cultural   | -                 | 458,471           | -                     | 5,354                             | 463,825                        |
| Community/Economic Development  | -                 | -                 | -                     | 854                               | 854                            |
| Capital Outlay  | 30,563            | -                 | -                     | -                                 | 30,563                         |
| Debt Service  | -                 | -                 | -                     | 352,864                           | 352,864                        |
| Other Expenditures  | 114,615           | -                 | -                     | -                                 | 114,615                        |
| <b>TOTAL EXPENDITURES</b>   | <b>5,053,133</b>  | <b>458,471</b>    | <b>90,803</b>         | <b>4,771,875</b>                  | <b>10,374,282</b>              |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUES OVER EXPENDITURES</b>  | <b>284,457</b>    | <b>20,442</b>     | <b>22,638</b>         | <b>(382,872)</b>                  | <b>(55,335)</b>                |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                   |                   |                       |                                   |                                |
| Transfers In  | 281,349           | -                 | -                     | 793,581                           | 1,074,930                      |
| Transfers Out   | (520,527)         | -                 | -                     | (334,232)                         | (854,759)                      |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>45,279</b>     | <b>20,442</b>     | <b>22,638</b>         | <b>76,477</b>                     | <b>164,836</b>                 |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>780,824</b>    | <b>406,776</b>    | <b>62,235</b>         | <b>1,144,443</b>                  | <b>2,394,278</b>               |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 826,103</b> | <b>\$ 427,218</b> | <b>\$ 84,873</b>      | <b>\$ 1,220,920</b>               | <b>\$ 2,559,114</b>            |

# County of Crawford, Michigan

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2017

|  |                     |
|--|---------------------|
| Net changes in fund balances - total governmental funds  | \$ 164,836          |
| 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.  | 24,329              |
| 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 \$77,692 exceeded depreciation expense of (\$202,225) in the current period.  | (124,533)           |
| 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  | 300,000             |
| 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  | (113,074)           |
| Accrued Interest on Bonds  | (3,786)             |
| Vested Employee Benefits   | 7,638               |
| 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.  | <u>(953,134)</u>    |
| Changes in net position of governmental activities   | <u>\$ (697,724)</u> |

**Statement of Net Position  
Proprietary Funds  
September 30, 2017**

|                                     | Enterprise Funds           |                           |                            | Totals                     | Governmental<br>Activities  |
|-------------------------------------|----------------------------|---------------------------|----------------------------|----------------------------|-----------------------------|
|                                     | Prior<br>Delinquent<br>Tax | 2016<br>Delinquent<br>Tax | Nonmajor<br>Enterprise     |                            | Internal<br>Service<br>Fund |
| <b>ASSETS:</b>                      |                            |                           |                            |                            |                             |
| Cash and Equivalents- Unrestricted  | \$ 713,342                 | \$ 36,665                 | \$ 79,501                  | \$ 829,508                 | \$ 3,348                    |
| Receivables:                        |                            |                           |                            |                            |                             |
| Taxes                               | 2,104                      | 697,484                   | 172,877                    | 872,465                    | -                           |
| Interest                            | 4,894                      | 48,753                    | 49,994                     | 103,641                    | -                           |
| Due from Other Funds                | 70,000                     | -                         | 1,476,000                  | 1,546,000                  | -                           |
| Due from Others                     | -                          | 13,759                    | 14,744                     | 28,503                     | -                           |
| <b>TOTAL ASSETS</b>                 | <b><u>\$ 790,340</u></b>   | <b><u>\$ 796,661</u></b>  | <b><u>\$ 1,793,116</u></b> | <b><u>\$ 3,380,117</u></b> | <b><u>\$ 3,348</u></b>      |
| <b>LIABILITIES:</b>                 |                            |                           |                            |                            |                             |
| Accounts Payable                    | \$ -                       | \$ -                      | \$ 1,445                   | \$ 1,445                   | \$ 338                      |
| Due to Other Funds                  | -                          | -                         | 51,000                     | 51,000                     | -                           |
| Due to Other Governmental Units     | -                          | 9                         | 4,255                      | 4,264                      | -                           |
| Notes Payable - Due within one year | -                          | 699,814                   | -                          | 699,814                    | -                           |
| <b>TOTAL LIABILITIES</b>            | <b><u>-</u></b>            | <b><u>699,823</u></b>     | <b><u>56,700</u></b>       | <b><u>756,523</u></b>      | <b><u>338</u></b>           |
| <b>NET POSITION:</b>                |                            |                           |                            |                            |                             |
| Unrestricted                        | <u>790,340</u>             | <u>96,838</u>             | <u>1,736,416</u>           | <u>2,623,594</u>           | <u>3,010</u>                |
| <b>TOTAL NET POSITION</b>           | <b><u>\$ 790,340</u></b>   | <b><u>\$ 96,838</u></b>   | <b><u>\$ 1,736,416</u></b> | <b><u>\$ 2,623,594</u></b> | <b><u>\$ 3,010</u></b>      |

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
Year Ended September 30, 2017**

|   | Enterprise Funds           |                           |                        | Totals              | Governmental<br>Activities  |
|---|----------------------------|---------------------------|------------------------|---------------------|-----------------------------|
|   | Prior<br>Delinquent<br>Tax | 2016<br>Delinquent<br>Tax | Nonmajor<br>Enterprise |                     | Internal<br>Service<br>Fund |
| <b>OPERATING REVENUES:</b>                |                            |                           |                        |                     |                             |
| Charges for Services                      | \$ -                       | \$ 35,080                 | \$ 266,242             | \$ 301,322          | \$ -                        |
| Interest and Rentals                      | 358                        | 79,177                    | 82,787                 | 162,322             | -                           |
| <b>TOTAL OPERATING REVENUES</b>           | <b>358</b>                 | <b>114,257</b>            | <b>349,029</b>         | <b>463,644</b>      | <b>-</b>                    |
| <b>OPERATING EXPENSES:</b>                |                            |                           |                        |                     |                             |
| Supplies                                  | -                          | -                         | 54,207                 | 54,207              | -                           |
| Contracted Services                       | -                          | 12,316                    | 46,836                 | 59,152              | -                           |
| Other Expenses                            | 13,310                     | 362                       | 58,847                 | 72,519              | -                           |
| <b>TOTAL OPERATING EXPENSES</b>           | <b>13,310</b>              | <b>12,678</b>             | <b>159,890</b>         | <b>185,878</b>      | <b>-</b>                    |
| <b>OPERATING INCOME (LOSS)</b>            | <b>(12,952)</b>            | <b>101,579</b>            | <b>189,139</b>         | <b>277,766</b>      | <b>-</b>                    |
| <b>NON-OPERATING REVENUES (EXPENSES):</b> |                            |                           |                        |                     |                             |
| Interest on Deposits                      | 6,262                      | -                         | -                      | 6,262               | -                           |
| Interest Expense                          | -                          | (4,741)                   | (5,068)                | (9,809)             | -                           |
| <b>TOTAL NON-OPERATING REVENUES</b>       | <b>6,262</b>               | <b>(4,741)</b>            | <b>(5,068)</b>         | <b>(3,547)</b>      | <b>-</b>                    |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>     | <b>(6,690)</b>             | <b>96,838</b>             | <b>184,071</b>         | <b>274,219</b>      | <b>-</b>                    |
| Transfers In                              | -                          | -                         | 73,303                 | 73,303              | -                           |
| Transfers Out                             | (57,171)                   | -                         | (236,303)              | (293,474)           | -                           |
| <b>CHANGE IN NET POSITION</b>             | <b>(63,861)</b>            | <b>96,838</b>             | <b>21,071</b>          | <b>54,048</b>       | <b>-</b>                    |
| NET POSITION, OCTOBER 1                   | 854,201                    | -                         | 1,715,345              | 2,569,546           | 3,010                       |
| <b>NET POSITION, SEPTEMBER 30</b>         | <b>\$ 790,340</b>          | <b>\$ 96,838</b>          | <b>\$ 1,736,416</b>    | <b>\$ 2,623,594</b> | <b>\$ 3,010</b>             |

**Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2017**

|   | Enterprise Funds           |                           |                        | Totals            | Governmental<br>Activities  |
|---|----------------------------|---------------------------|------------------------|-------------------|-----------------------------|
|   | Prior<br>Delinquent<br>Tax | 2016<br>Delinquent<br>Tax | Nonmajor<br>Enterprise |                   | Internal<br>Service<br>Fund |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |                            |                           |                        |                   |                             |
| Receipts from Customers   | \$ (1)                     | \$ 944,565                | 1,135,079              | \$ 2,079,643      | \$ -                        |
| Payments to Suppliers   | (15,400)                   | (1,602,982)               | (167,258)              | (1,785,640)       | 8                           |
| Internal Activity - Payments/Receipts with Other Funds  | 50,000                     | 9                         | (196,202)              | (146,193)         | -                           |
| Net Cash Provided (Used) by Operating Activities  | <u>34,599</u>              | <u>(658,408)</u>          | <u>771,619</u>         | <u>147,810</u>    | <u>8</u>                    |
| <b>CASH FLOWS FROM CAPITAL AND RELATED<br/>FINANCING ACTIVITIES:</b>                                      |                            |                           |                        |                   |                             |
| Note Proceeds   | -                          | 1,100,000                 | -                      | 1,100,000         | -                           |
| Principal Payments  | -                          | (400,186)                 | (775,000)              | (1,175,186)       | -                           |
| Interest Payments   | -                          | (4,741)                   | (5,068)                | (9,809)           | -                           |
| Net Cash Provided (Used) by Capital and Related Financing Activities                                      | <u>-</u>                   | <u>695,073</u>            | <u>(780,068)</u>       | <u>(84,995)</u>   | <u>-</u>                    |
| <b>CASH FLOWS FROM NON-CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b>                                  |                            |                           |                        |                   |                             |
| Transfers In  | -                          | -                         | 73,303                 | 73,303            | -                           |
| Transfers Out   | (57,171)                   | -                         | (236,303)              | (293,474)         | -                           |
| Net Cash Provided (Used) by Non-Capital And Related Financing Activities                                  | <u>(57,171)</u>            | <u>-</u>                  | <u>(163,000)</u>       | <u>(220,171)</u>  | <u>-</u>                    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |                            |                           |                        |                   |                             |
| Interest on Deposits  | 6,262                      | -                         | -                      | 6,262             | -                           |
| Net Cash Provided by Investing Activities   | <u>6,262</u>               | <u>-</u>                  | <u>-</u>               | <u>6,262</u>      | <u>-</u>                    |
| Net Increase (Decrease) in Cash and Equivalents   | (16,310)                   | 36,665                    | (171,449)              | (151,094)         | 8                           |
| Cash and Equivalents - Beginning of the Year  | 729,652                    | -                         | 250,950                | 980,602           | 3,340                       |
| Cash and Equivalents - End of the Year  | <u>\$ 713,342</u>          | <u>\$ 36,665</u>          | <u>\$ 79,501</u>       | <u>\$ 829,508</u> | <u>\$ 3,348</u>             |
| <b>Reconciliation of Operating Income (Loss) to<br/>Net Cash Provided (Used) by Operating Activities:</b> |                            |                           |                        |                   |                             |
| Operating Income (Loss)   | \$ (12,952)                | \$ 101,579                | \$ 189,139             | \$ 277,766        | \$ -                        |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided (Used) by Operating Activities:  |                            |                           |                        |                   |                             |
| Change in Assets and Liabilities:   |                            |                           |                        |                   |                             |
| (Increase) Decrease in Assets:  |                            |                           |                        |                   |                             |
| Taxes Receivable  | -                          | (697,484)                 | 727,798                | 30,314            | -                           |
| Interest Receivable   | (359)                      | (48,753)                  | 46,371                 | (2,741)           | -                           |
| Other Assets  | -                          | -                         | -                      | -                 | -                           |
| Due from Others   | -                          | (13,759)                  | 11,881                 | (1,878)           | 673                         |
| Due from Other Funds  | 50,000                     | -                         | (241,000)              | (191,000)         | -                           |
| Increase (Decrease) in Liabilities:   |                            |                           |                        |                   |                             |
| Accounts Payable  | -                          | -                         | 1,003                  | 1,003             | (665)                       |
| Due to Other Funds  | -                          | -                         | 51,000                 | 51,000            | -                           |
| Due to Governmental Units   | (2,090)                    | 9                         | (14,573)               | (16,654)          | -                           |
| Net Cash Provided (Used) by Operating Activities  | <u>\$ 34,599</u>           | <u>\$ (658,408)</u>       | <u>\$ 771,619</u>      | <u>\$ 147,810</u> | <u>\$ 8</u>                 |

**Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2017**

|                                     | <u>Agency Funds</u>     |
|-------------------------------------|-------------------------|
| <b>ASSETS:</b>                      |                         |
| Cash and Equivalents - Unrestricted | \$ 1,778,881            |
| Taxes Receivable                    | <u>1,666</u>            |
| <br>TOTAL ASSETS                    | <br><u>\$ 1,780,547</u> |
| <br><b>LIABILITIES:</b>             |                         |
| Accounts Payable                    | \$ 224,091              |
| Due to Others                       | 138,445                 |
| Due to Other Governmental Units     | <u>1,418,011</u>        |
| <br>TOTAL LIABILITIES               | <br><u>\$ 1,780,547</u> |



## **Notes to Financial Statements**

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**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 Unit**

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 \$93,000 to the District #10 Health Department for the year ended September 30, 2017.

**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, 2017.

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 1<sup>st</sup> and July 1<sup>st</sup> on the taxable valuation of property (as defined by State statutes) located in the County of Crawford as of the preceding December 31<sup>st</sup>.

Although the County of Crawford 2016 ad valorem tax is levied and collectible on December 1, 2016, and 2017 ad valorem tax is levied and collectible on July 1, 2017, 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 2016 taxable valuation of the County of Crawford totaled \$526,531,086, on which ad valorem taxes levied consisted of .4458 mills for Library Operating, .8917 mills for Sheriff Operating, 1.0000 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, 2017 taxable valuation of County of Crawford totaled \$534,648,255, 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)**

**2016 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**

Cash and Equivalents – 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   |
| Furniture & 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 and pension items that qualify for reporting in this category.

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Board has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has committed \$856,663 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, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

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

- a. Each 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 - CASH AND EQUIVALENTS**

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

|  | <u>Governmental<br/>Activities</u> | <u>Business-Type<br/>Activities</u> | <u>Total Primary<br/>Government</u> | <u>Fiduciary<br/>Funds</u> | <u>Component<br/>Unit</u> |
|--|------------------------------------|-------------------------------------|-------------------------------------|----------------------------|---------------------------|
| Cash and Equivalents –<br>Unrestricted   | \$ 1,962,228                       | \$ 829,508                          | \$ 2,791,736                        | \$ 1,778,881               | \$ 2,300,283              |
| Total  | <u>\$ 1,962,228</u>                | <u>\$ 829,508</u>                   | <u>\$ 2,791,736</u>                 | <u>\$ 1,778,881</u>        | <u>\$ 2,300,283</u>       |
|  |                                    | <u>Primary<br/>Government</u>       | <u>Fiduciary<br/>Funds</u>          | <u>Component<br/>Unit</u>  |                           |
| Bank Deposits (checking and savings<br>accounts, certificates of deposit and<br>money markets) |                                    | \$ 2,780,339                        | \$ 1,778,881                        | \$ 2,300,183               |                           |
| Petty Cash and Cash on Hand  |                                    | <u>11,397</u>                       | <u>-</u>                            | <u>100</u>                 |                           |
| Total  |                                    | <u>\$ 2,791,736</u>                 | <u>\$ 1,778,881</u>                 | <u>\$ 2,300,283</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 - CASH AND EQUIVALENTS (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, \$2,795,255 of the County's bank balance of \$4,559,214 was exposed to credit risk because it was uninsured and uncollateralized.

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

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the measurements required judgement and considers factors specific to each asset or liability.

Statutory Authority:

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.

**NOTE 3 - CASH AND EQUIVALENTS (Continued)**

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

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

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

**NOTE 4 - CAPITAL ASSETS**

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

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>    | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|---------------------|------------------|----------------------------|
| <b>Governmental Activities:</b>              |                               |                     |                  |                            |
| <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                      | 412,451                       | 13,036              | -                | 425,487                    |
| Vehicles                                     | 381,428                       | 64,656              | (7,639)          | 438,445                    |
| Subtotal                                     | <u>8,437,385</u>              | <u>77,692</u>       | <u>(7,639)</u>   | <u>8,507,438</u>           |
| <i>Less accumulated depreciation for:</i>    |                               |                     |                  |                            |
| Buildings and improvements                   | (5,041,330)                   | (148,928)           | -                | (5,190,258)                |
| Furniture and equipment                      | (372,107)                     | (44,570)            | -                | (416,677)                  |
| Vehicles                                     | (248,804)                     | (8,727)             | 7,639            | (249,892)                  |
| Subtotal                                     | <u>(5,662,241)</u>            | <u>(202,225)</u>    | <u>7,639</u>     | <u>(5,856,827)</u>         |
| Net capital assets being depreciated         | <u>2,775,144</u>              | <u>(124,533)</u>    | <u>-</u>         | <u>2,650,611</u>           |
| Capital Assets – Net of Depreciation         | <u>\$ 7,705,144</u>           | <u>\$ (124,533)</u> | <u>\$ -</u>      | <u>\$ 7,580,611</u>        |

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

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

|                               |                   |
|-------------------------------|-------------------|
| Governmental Activities:      |                   |
| General Government            | \$ 80,153         |
| Public Safety                 | 81,212            |
| Recreation and Culture        | 27,628            |
| Health and Welfare            | <u>13,232</u>     |
| Total Governmental Activities | <u>\$ 202,225</u> |

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

|  | <u>Beginning<br/>Balances</u> | <u>Increases</u>    | <u>Decreases</u>    | <u>Ending<br/>Balances</u> |
|--|-------------------------------|---------------------|---------------------|----------------------------|
| <i>Capital assets not being depreciated:</i> |                               |                     |                     |                            |
| Land and land improvements                   | \$ 73,092                     | \$ -                | \$ -                | \$ 73,092                  |
| Construction in progress                     | <u>56,230</u>                 | <u>148,407</u>      | <u>(56,230)</u>     | <u>148,407</u>             |
| Subtotal                                     | <u>129,322</u>                | <u>148,407</u>      | <u>(56,230)</u>     | <u>221,499</u>             |
| <i>Capital assets being depreciated:</i>     |                               |                     |                     |                            |
| Buildings and improvements                   | 1,864,576                     | 35,416              | -                   | 1,899,992                  |
| Equipment – road                             | 4,658,069                     | 870,996             | (258,650)           | 5,270,415                  |
| Equipment – shop                             | 127,672                       | 15,314              | (2,042)             | 140,944                    |
| Equipment – office                           | 159,691                       | -                   | (71,647)            | 88,044                     |
| Equipment – engineer                         | 13,462                        | -                   | -                   | 13,462                     |
| Infrastructure - roads                       | 12,525,943                    | 1,301,376           | -                   | 13,827,319                 |
| Infrastructure – bridges                     | <u>2,610,259</u>              | <u>4,359</u>        | <u>-</u>            | <u>2,614,618</u>           |
| Subtotal                                     | <u>21,959,672</u>             | <u>2,227,461</u>    | <u>(332,339)</u>    | <u>23,854,794</u>          |
| <i>Less accumulated depreciation:</i>        |                               |                     |                     |                            |
| Buildings and improvements                   | (847,235)                     | (50,326)            | -                   | (897,561)                  |
| Equipment – road                             | (3,633,096)                   | (474,977)           | 213,284             | (3,894,789)                |
| Equipment – shop                             | (71,326)                      | (13,753)            | 2,042               | (83,037)                   |
| Equipment – office                           | (152,432)                     | (1,656)             | 70,559              | (83,529)                   |
| Equipment – engineer                         | (13,462)                      | -                   | -                   | (13,462)                   |
| Infrastructure - roads                       | (1,826,892)                   | (525,172)           | -                   | (2,352,064)                |
| Infrastructure – bridges                     | <u>(5,438)</u>                | <u>(65,300)</u>     | <u>-</u>            | <u>(70,738)</u>            |
| Subtotal                                     | <u>(6,549,881)</u>            | <u>(1,131,184)</u>  | <u>285,885</u>      | <u>(7,395,180)</u>         |
| Net capital assets being depreciated         | <u>15,409,791</u>             | <u>1,096,277</u>    | <u>(46,454)</u>     | <u>16,459,614</u>          |
| Capital Assets – Net of Depreciation         | <u>\$ 15,539,113</u>          | <u>\$ 1,244,684</u> | <u>\$ (102,684)</u> | <u>\$ 16,681,113</u>       |

Depreciation expense was charged to public works in the amount of \$1,131,184.

**NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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 | General               | Nonmajor Governmental | Nonmajor Enterprise | Total               |
|                      | Nonmajor Governmental | \$ -                  | \$ 320,000          | \$ 51,000           |
| Prior Delinquent Tax | -                     | 70,000                | -                   | 70,000              |
| Nonmajor Enterprise  | <u>1,434,000</u>      | <u>42,000</u>         | <u>-</u>            | <u>1,476,000</u>    |
| Total                | <u>\$ 1,434,000</u>   | <u>\$ 432,000</u>     | <u>\$ 51,000</u>    | <u>\$ 1,917,000</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          | General Fund      | Nonmajor Governmental | Prior Delinquent Tax | Nonmajor Enterprise | Total               |
|                       | General Fund      | \$ -                  | \$ 224,178           | \$ -                | \$ 57,171           |
| Nonmajor Governmental | 520,527           | 110,054               | -                    | 163,000             | 793,581             |
| Nonmajor Enterprise   | <u>-</u>          | <u>-</u>              | <u>57,171</u>        | <u>16,132</u>       | <u>73,303</u>       |
| Total                 | <u>\$ 520,527</u> | <u>\$ 334,232</u>     | <u>\$ 57,171</u>     | <u>\$ 236,303</u>   | <u>\$ 1,148,233</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<br>Rate | Principal<br>Matures | Beginning<br>Balance | Adjustments/<br>Increases | Adjustments/<br>Decreases | Ending<br>Balance   | Due<br>Within<br>One Year |
|--|------------------|----------------------|----------------------|---------------------------|---------------------------|---------------------|---------------------------|
| <b>Governmental Activities</b>             |                  |                      |                      |                           |                           |                     |                           |
| Pension Obligation Bonds<br>Series 2015    | 3.38%            | 2033                 | \$ 6,955,000         | \$ -                      | \$ (200,000)              | \$ 6,755,000        | \$ 275,000                |
| Capital Improvement Bonds<br>Series 2009   | 4.270%           | 2024                 | 915,000              | -                         | (100,000)                 | 815,000             | 100,000                   |
| Total Governmental Activities              |                  |                      | <u>\$ 7,870,000</u>  | <u>\$ -</u>               | <u>\$ (300,000)</u>       | <u>\$ 7,570,000</u> | <u>\$ 375,000</u>         |
| <b>Business-Type Activities</b>            |                  |                      |                      |                           |                           |                     |                           |
| Limited Tax Notes<br>2017 Tax Notes Series | Variable*        | 2018                 | \$ -                 | \$ 1,100,000              | \$ (400,186)              | \$ 699,814          | \$ 699,814                |
| 2016 Tax Notes Series                      | Variable*        | 2017                 | 775,000              | -                         | (775,000)                 | -                   | -                         |
| Total Business-Type Activities             |                  |                      | <u>\$ 775,000</u>    | <u>\$ 1,100,000</u>       | <u>\$ (1,175,186)</u>     | <u>\$ 699,814</u>   | <u>\$ 699,814</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            |
| 2018                  | \$ 375,000              | \$ 243,615          |
| 2019                  | 455,000                 | 233,865             |
| 2020                  | 470,000                 | 222,141             |
| 2021                  | 485,000                 | 209,991             |
| 2022                  | 505,000                 | 195,565             |
| 2023-2027             | 2,420,000               | 737,750             |
| 2028-2032             | 2,320,000               | 353,160             |
| 2033                  | 540,000                 | 21,600              |
| Total                 | <u>\$ 7,570,000</u>     | <u>\$ 2,217,687</u> |

**NOTE 6 - LONG-TERM DEBT (Continued)**

The changes in vested employee benefits are summarized as follows:

|  | <u>Beginning<br/>Balances</u> | <u>Additions<br/>(Reductions)</u> | <u>Ending<br/>Balances</u> |
|--|-------------------------------|-----------------------------------|----------------------------|
|  | \$ 117,402                    | \$ (7,638)                        | \$ 109,764                 |

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<br/>Balances</u> | <u>Additions<br/>(Reductions)</u> | <u>Ending<br/>Balances</u> | <u>Due Within<br/>One Year</u> |
|-----------------------|-------------------------------|-----------------------------------|----------------------------|--------------------------------|
| Installment purchases | \$ 771,020                    | \$ 248,142                        | \$ 1,019,162               | \$ 238,649                     |
| Net OPEB obligation   | -                             | (26,607)                          | (26,607)                   | -                              |
| Net pension liability | 5,960,737                     | (24,647)                          | 5,936,090                  | -                              |
| Compensated absences  | <u>222,187</u>                | <u>(3,163)</u>                    | <u>219,024</u>             | <u>9,975</u>                   |
|                       | <u>\$ 6,953,944</u>           | <u>\$ 193,725</u>                 | <u>\$ 7,147,669</u>        | <u>\$ 248,624</u>              |

Installment Purchases – The County Road Commission has various installment purchase agreements for equipment with interest rates ranging from 1.3287% to 4.24%. The future minimum debt obligations and the net present values are as follows:

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

| <u>Year End September 30</u> | <u>Component Unit</u> |                  |
|------------------------------|-----------------------|------------------|
|                              | <u>Principal</u>      | <u>Interest</u>  |
| 2018                         | \$ 238,649            | \$ 26,330        |
| 2019                         | 99,560                | 24,838           |
| 2020                         | 102,373               | 22,025           |
| 2021                         | 431,015               | 15,605           |
| 2022                         | 18,951                | 3,452            |
| 2023                         | <u>128,614</u>        | <u>805</u>       |
| Total                        | <u>\$ 1,019,162</u>   | <u>\$ 93,055</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, 2017.

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

| <b>01 – Gnrl: Closed to new hires</b> |                              |
|---------------------------------------|------------------------------|
|                                       | <u><b>2016 Valuation</b></u> |
| <b>Benefit Multiplier:</b>            | 2.50% Multiplier (80% max)   |
| <b>Normal Retirement Age:</b>         | 60                           |
| <b>Vesting:</b>                       | 6 Years                      |
| <b>Early Retirement (Unreduced):</b>  | 55/15                        |
| <b>Early Retirement (Reduced):</b>    | 50/25                        |
| <b>Final Average Compensation:</b>    | 5 years                      |
| <b>COLA for Current Retires:</b>      | 2.50% (Non-Compound)         |
| <b>Employee Contributions</b>         | 5.29%                        |
| <b>DC Plan for New Hires:</b>         | 5/1/2007                     |
| <b>Act 88:</b>                        | No                           |
| <b>02 – COAM: Closed to new hires</b> |                              |
|                                       | <u><b>2016 Valuation</b></u> |
| <b>Benefit Multiplier:</b>            | 2.50% Multiplier (80% max)   |
| <b>Normal Retirement Age:</b>         | 60                           |
| <b>Vesting:</b>                       | 6 Years                      |
| <b>Early Retirement (Unreduced):</b>  | 55/25                        |
|                                       | 50/15                        |
| <b>Early Retirement (Reduced):</b>    | -                            |
| <b>Final Average Compensation:</b>    | 3 years                      |
| <b>COLA for Current Retires:</b>      | 2.50% (Non-Compound)         |
| <b>Employee Contributions</b>         | 4%                           |
| <b>DC Plan for New Hires:</b>         | 4/1/2013                     |
| <b>Act 88:</b>                        | No                           |



NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| <b>10 – General Comm: Closed to new hires</b>          |                            |
|--|----------------------------|
|  | <b>2016 Valuation</b>      |
| <b>Benefit Multiplier:</b>                             | 2.00% Multiplier (no max)  |
| <b>Normal Retirement Age:</b>                          | 60                         |
| <b>Vesting:</b>  | 6 Years                    |
| <b>Early Retirement (Unreduced):</b>                   | 55/15                      |
| <b>Early Retirement (Reduced):</b>                     | 50/25                      |
| <b>Final Average Compensation:</b>                     | 5 years                    |
| <b>COLA for Current Retires</b>                        | 2.50% (Non-Compound)       |
| <b>Employee Contributions</b>                          | 0%                         |
| <b>DC Plan for New Hires:</b>                          | 5/1/2007                   |
| <b>Act 88:</b>   | No                         |
| <b>11 – GNRL/AFSCME: Closed to new hires</b>           |                            |
|  | <b>2016 Valuation</b>      |
| <b>Benefit Multiplier:</b>                             | 2.25% Multiplier (80% max) |
| <b>Normal Retirement Age:</b>                          | 60                         |
| <b>Vesting:</b>  | 6 Years                    |
| <b>Early Retirement (Unreduced):</b>                   | 55/15                      |
| <b>Early Retirement (Reduced):</b>                     | 50/25                      |
| <b>Final Average Compensation:</b>                     | 5 years                    |
| <b>COLA for Current Retires</b>                        | 2.50% (Non-Compound)       |
| <b>Employee Contributions</b>                          | 2%                         |
| <b>DC Plan for New Hires:</b>                          | 10/1/2007                  |
| <b>Act 88:</b>   | No                         |
| <b>14 – AFSCME District Court: Closed to new hires</b> |                            |
|  | <b>2016 Valuation</b>      |
| <b>Benefit Multiplier:</b>                             | 2.25% Multiplier (80% max) |
| <b>Normal Retirement Age:</b>                          | 60                         |
| <b>Vesting:</b>  | 6 Years                    |
| <b>Early Retirement (Unreduced):</b>                   | 55/15                      |
| <b>Early Retirement (Reduced):</b>                     | 50/25                      |
| <b>Final Average Compensation:</b>                     | 5 years                    |
| <b>Employee Contributions</b>                          | 2%                         |
| <b>DC Plan for New Hires:</b>                          | 4/1/2013                   |
| <b>Act 88:</b>   | No                         |

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| <b>20 – POAM: Closed to new hires</b> |                            |
|---------------------------------------|----------------------------|
|                                       | <u>2016 Valuation</u>      |
| <b>Benefit Multiplier:</b>            | 2.50% Multiplier (80% max) |
| <b>Normal Retirement Age:</b>         | 60                         |
| <b>Vesting:</b>                       | 6 Years                    |
| <b>Early Retirement (Unreduced):</b>  | 50/25<br>55/15             |
| <b>Early Retirement (Reduced):</b>    | -                          |
| <b>Final Average Compensation:</b>    | 3 years                    |
| <b>COLA for Current Retires</b>       | 2.50% (Non-Compound)       |
| <b>Employee Contributions</b>         | 3.50%                      |
| <b>DC Plan for New Hires:</b>         | 1/1/2010                   |
| <b>Act 88:</b>                        | No                         |

  

| <b>21 – Dispatch: Closed to new hires</b> |                            |
|---|----------------------------|
|   | <u>2016 Valuation</u>      |
| <b>Benefit Multiplier:</b>                | 2.50% Multiplier (80% max) |
| <b>Normal Retirement Age:</b>             | 60                         |
| <b>Vesting:</b>                           | 6 Years                    |
| <b>Early Retirement (Unreduced):</b>      | 50/25<br>55/15             |
| <b>Early Retirement (Reduced):</b>        | -                          |
| <b>Final Average Compensation:</b>        | 5 years                    |
| <b>Employee Contributions</b>             | 3%                         |
| <b>DC Plan for New Hires:</b>             | 7/1/2005                   |
| <b>Act 88:</b>                            | No                         |

Employees Covered by Benefit Terms

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

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 80        |
| Inactive employees entitled to but not yet receiving benefits    | 22        |
| Active employees   | <u>48</u> |
|  | 150       |

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.

|                       |         |                |         |
|-----------------------|---------|----------------|---------|
| AFSCME District Court | \$501   | Dispatch       | \$1,282 |
| Gnrl                  | \$2,862 | COAM           | \$1,307 |
| POAM                  | \$6,081 | General/AFSCMA | \$3,213 |

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

|                           |                               |
|---------------------------|-------------------------------|
| Inflation                 | 2.5 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 8.00% for 2016. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

**Changes in the Net Pension Liability:**

|   | Increases (Decreases)      |                                |                          |
|---|----------------------------|--------------------------------|--------------------------|
|   | Total Pension<br>Liability | Plan Fiduciary<br>Net Position | Net Pension<br>Liability |
| <b>Balances at December 31, 2015</b>              | \$ 19,999,816              | \$ 11,616,130                  | \$ 8,383,686             |
| Service cost                                      | 272,223                    | -                              | 272,223                  |
| Interest on total pension liability               | 1,568,452                  | -                              | 1,568,452                |
| Changes in benefits                               | -                          | -                              | -                        |
| Difference between expected and actual experience | (504,078)                  | -                              | (504,078)                |
| Changes in assumptions                            | -                          | -                              | -                        |
| Employer contributions                            | -                          | 7,507,033                      | (7,507,033)              |
| Employee contributions                            | -                          | 134,479                        | (134,479)                |
| Net investment income                             | -                          | 2,007,542                      | (2,007,542)              |
| Benefit payments, including employee refunds      | (1,060,555)                | (1,060,555)                    | -                        |
| Administrative expense                            | -                          | (37,758)                       | 37,758                   |
| Other Changes                                     | (1)                        | (1)                            | -                        |
| <b>Net changes</b>                                | <b>276,041</b>             | <b>8,550,740</b>               | <b>(8,274,699)</b>       |
| <b>Balances as of December 31, 2016</b>           | <b>\$ 20,275,857</b>       | <b>\$ 20,166,870</b>           | <b>\$ 108,987</b>        |

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

|                                | 1% Decrease<br>(7.00%) | Current Discount Rate<br>(8.00%) | 1% Increase<br>(9.00%) |
|--------------------------------|------------------------|----------------------------------|------------------------|
| County’s net pension liability | \$2,256,176            | \$108,987                        | \$(1,720,120)          |

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, 2017, the County recognized pension expense of \$1,136,237. At September 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ -  | \$ 252,039                                   |
| Net difference between projected and actual earnings<br>on pension plan investments | 132,937                                       | -  |
| Contributions subsequent to the measurement date                                    | <u>137,214</u>                                | <u>-</u>                                     |
| <br>Total   | <br><u>\$ 270,151</u>                         | <br><u>\$ 252,039</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<br/>September 30:</u> |              |
|-------------------------------------|--------------|
| 2018                                | \$ (139,016) |
| 2019                                | 113,023      |
| 2020                                | 70,195       |
| 2021                                | (163,304)    |

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

| <b>01 – General Teamster: Open Division (Closed)</b> |                              |
|--|------------------------------|
|  | <u><b>2016 Valuation</b></u> |
| <b>Benefit Multiplier:</b>                           | 2.50% Multiplier (80% max)   |
| <b>Normal Retirement Age:</b>                        | 60                           |
| <b>Vesting:</b>                                      | 10 Years                     |
| <b>Early Retirement (Unreduced):</b>                 | 55/15                        |
| <b>Early Retirement (Reduced):</b>                   | 50/25                        |
| <b>Final Average Compensation:</b>                   | 5 years                      |
| <b>Employee Contributions</b>                        | 4.30%                        |
| <b>Act 88:</b>                                       | Yes (Adopted 2/2/2006)       |
| <b>10 – Non Union: Open Division</b>                 |                              |
|  | <u><b>2016 Valuation</b></u> |
| <b>Benefit Multiplier:</b>                           | 2.50% Multiplier (80% max)   |
| <b>Normal Retirement Age:</b>                        | 60                           |
| <b>Vesting:</b>                                      | 10 Years                     |
| <b>Early Retirement (Unreduced):</b>                 | 55/22                        |
| <b>Early Retirement (Reduced):</b>                   | 50/25                        |
|  | 50/15                        |
| <b>Final Average Compensation:</b>                   | 5 years                      |
| <b>Employee Contributions</b>                        | 2.93%                        |
| <b>Act 88:</b>                                       | Yes (Adopted 2/2/2006)       |
| <b>13 – Closed to new hires</b>                      |                              |
|  | <u><b>2016 Valuation</b></u> |
| <b>Benefit Multiplier:</b>                           | 2.00% Multiplier (no max)    |
| <b>Normal Retirement Age:</b>                        | 60                           |
| <b>Vesting:</b>                                      | 8 Years                      |
| <b>Early Retirement (Unreduced):</b>                 | -                            |
| <b>Early Retirement (Reduced):</b>                   | 50/25                        |
|  | 50/15                        |
| <b>Final Average Compensation:</b>                   | 5 years                      |
| <b>Employee Contributions</b>                        | 1.60%                        |
| <b>Act 88:</b>                                       | Yes (Adopted 2/2/2006)       |

Employees Covered by Benefit Terms

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

|  |           |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 31        |
| Inactive employees entitled to but not yet receiving benefits    | -         |
| Active employees   | <u>28</u> |
|  | 59        |

**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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

|                           |                               |
|---------------------------|-------------------------------|
| Inflation                 | 2.5 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 8.00% for 2016. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability:**

|   | <b>Increases (Decreases)</b>       |  |                                  |
|---|------------------------------------|--|----------------------------------|
|   | <b>Total Pension<br/>Liability</b> | <b>Plan Fiduciary<br/>Net Position</b> | <b>Net Pension<br/>Liability</b> |
| <b>Balances at December 31, 2015</b>              | \$ 9,038,564                       | \$ 3,077,827                           | \$ 5,960,737                     |
| Service cost                                      | 171,605                            | -                                      | 171,605                          |
| Interest on total pension liability               | 707,800                            | -                                      | 707,800                          |
| Changes in benefits                               | (5,560)                            | -                                      | (5,560)                          |
| Difference between expected and actual experience | (58,232)                           | -                                      | (58,232)                         |
| Changes in assumptions                            | -                                  | -                                      | -                                |
| Employer contributions                            | -                                  | 438,313                                | (438,313)                        |
| Employee contributions                            | -                                  | 62,614                                 | (62,614)                         |
| Net investment income                             | -                                  | 346,163                                | (346,163)                        |
| Benefit payments, including employee refunds      | (553,731)                          | (553,731)                              | -                                |
| Administrative expense                            | -                                  | (6,832)                                | 6,832                            |
| Other changes                                     | (2)                                | -                                      | (2)                              |
| <b>Net changes</b>                                | <b>261,880</b>                     | <b>286,527</b>                         | <b>(24,647)</b>                  |
| <b>Balances as of December 31, 2016</b>           | <b>\$ 9,300,444</b>                | <b>\$ 3,364,354</b>                    | <b>\$ 5,936,090</b>              |

*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 8.00%, 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 (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

|                                  | <b>1% Decrease<br/>(7.00%)</b> | <b>Current Discount Rate<br/>(8.00%)</b> | <b>1% Increase<br/>(9.00%)</b> |
|----------------------------------|--------------------------------|--|--------------------------------|
| Changes in net pension liability | \$6,931,077                    | \$5,936,090                              | \$5,087,203                    |



**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, 2016, 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, 2017, the Road Commission recognized pension expense of \$53,902. At September 30, 2017, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 205,845                                    | \$ 43,674                                    |
| Changes in assumptions  | 64,523  | -  |
| Net difference between projected and actual earnings<br>on pension plan investments | 150,832                                       | -  |
| Contributions subsequent to the measurement date                                    | <u>434,166</u>                                | <u>-</u>                                     |
| <br>Total   | <br><u>\$ 855,366</u>                         | <br><u>\$ 43,674</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<br/>September 30:</u> |    |          |
|-------------------------------------|----|----------|
| 2018                                | \$ | 177,726  |
| 2019                                |    | 177,726  |
| 2020                                |    | 42,540   |
| 2020                                |    | (20,466) |

**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>(89,736)</u>     |
| Increase in net OPEB obligation            | 113,074             |
| Net OPEB obligation – beginning of year    | <u>2,260,337</u>    |
| Net OPEB obligation – end of year          | <u>\$ 2,373,411</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 2015, 2016, and 2017 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> |
|-------------------|-------------------------|---|----------------------------|
| 09/30/15          | \$ 202,810              | 76%   | \$ 2,157,684               |
| 09/30/16          | \$ 202,810              | 49%   | \$ 2,260,337               |
| 09/30/17          | \$ 202,810              | 44%   | \$ 2,373,411               |

*Funded Status and Funding Progress.* As of September 30, 2015, 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 84%.

**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 30 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, 2017:

|  |                    |
|--|--------------------|
| Annual required contribution               | \$ 84,800          |
| Interest on prior year net OPEB obligation | -                  |
| Annual OPEB cost                           | <u>84,800</u>      |
| Contributions made                         | <u>(111,407)</u>   |
| Decrease in net OPEB obligation            | (26,607)           |
| Net OPEB obligation – beginning of year    | <u>-</u>           |
| Net OPEB obligation – end of year          | <u>\$ (26,607)</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, 2015, 2016, and 2017 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> |
|-------------------|-------------------------|---|----------------------------|
| 09/30/2015        | \$ 121,272              | 99%   | \$ 28,732                  |
| 09/30/2016        | \$ 75,483               | 147%  | \$ -                       |
| 09/30/2017        | \$ 84,800               | 131%  | \$ (26,607)                |

*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<br/>10/01/16</u> | <u>Adjustments/<br/>Additions</u> | <u>Adjustments/<br/>Reductions</u> | <u>Balance<br/>09/30/17</u> |
|---------------------------|-----------------------------|-----------------------------------|------------------------------------|-----------------------------|
| Housing Commission:       |                             |                                   |                                    |                             |
| Loans                     | \$ 1,546,694                | \$ 58,657                         | \$ -                               | \$ 1,605,351                |
| Milltown                  | 30,870                      | 301                               | -                                  | 31,171                      |
| Economic Development Fund | <u>116,525</u>              | <u>-</u>                          | <u>(34,629)</u>                    | <u>81,896</u>               |
| <b>TOTALS</b>             | <u><b>\$ 1,694,089</b></u>  | <u><b>\$ 58,958</b></u>           | <u><b>\$ (34,629)</b></u>          | <u><b>\$ 1,718,418</b></u>  |

**NOTE 12 - NET POSITION/FUND BALANCE RESTRICTIONS**

Net position/fund balance restrictions are described as follows:

|                       |            |  |
|-----------------------|------------|--|
| Government Activities | \$ 668,146 | Restricted for Housing Commission and<br>Other Governmental Purposes |
|-----------------------|------------|--|

**NOTE 13 - TAX ABATEMENTS**

The County of Crawford, entered into certain agreements during the year that involve tax abatements; the following table outline the key information regarding the entities involved and the type and amounts of taxes abated during the year ending September 30 2017.

| <u>Contracted<br/>Entity</u> | <u>Program</u> | <u>Statutory<br/>Authority</u> | <u>Tax<br/>Abated</u> | <u>Gross Amount<br/>Abated in FY<br/>2017</u> | <u>Commitment<br/>by<br/>Contracted<br/>Entity</u> |
|------------------------------|----------------|--------------------------------|-----------------------|---|--|
| Arauco                       | IFT            | MCL207.564                     | Prop. Tax             | \$ 9,322                                      | New Facility                                       |

## **Required Supplementary Information**

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# County of Crawford Michigan

## Required Supplementary Information Employee Retirement Benefit Systems Schedule of Changes in Pension Liability Year Ended September 30, 2017

|   | For MERS Years Ending 12/31 |                      |                      |
|---|-----------------------------|----------------------|----------------------|
|   | 2017                        | 2016                 | 2015                 |
| <b>Total pension liability</b>  |                             |                      |                      |
| Service cost  | \$ 272,223                  | \$ 275,995           | \$ 293,190           |
| Interest  | 1,568,452                   | 1,442,324            | 1,383,964            |
| Difference between expected and actual experience                                 | (504,078)                   | 244,359              | -                    |
| Changes in assumptions  | -                           | 1,200,276            | -                    |
| Benefit payments, including refund of member contributions                        | (1,060,555)                 | (1,015,706)          | (906,621)            |
| Other Changes   | (1)                         | -                    | -                    |
| <b>Net change in total pension liability</b>                                      | 276,041                     | 2,147,248            | 770,533              |
| <b>Total pension liability - beginning</b>  | 19,999,816                  | 17,852,568           | 17,082,035           |
| <b>Total pension liability - ending</b>   | <u>\$ 20,275,857</u>        | <u>\$ 19,999,816</u> | <u>\$ 17,852,568</u> |
| <b>Plan fiduciary net position</b>  |                             |                      |                      |
| Contributions - employer  | \$ 7,507,033                | \$ 582,656           | \$ 532,861           |
| Contributions - employee  | 134,479                     | 128,918              | 165,029              |
| Net investment income   | 2,007,542                   | (180,628)            | 735,416              |
| Benefit payments, including refunds of member contributions                       | (1,060,555)                 | (1,015,706)          | (906,621)            |
| Administrative expense  | (37,758)                    | (26,459)             | (27,002)             |
| Other Changes   | (1)                         | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>                                  | 8,550,740                   | (511,219)            | 499,683              |
| <b>Plan fiduciary net position - beginning</b>                                    | 11,616,130                  | 12,127,349           | 11,627,666           |
| <b>Plan fiduciary net position - ending</b>                                       | <u>\$ 20,166,870</u>        | <u>\$ 11,616,130</u> | <u>\$ 12,127,349</u> |
| <b>County's net pension liability - ending</b>                                    | <u>\$ 108,987</u>           | <u>\$ 8,383,686</u>  | <u>\$ 5,725,219</u>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | 99%                         | 58%                  | 68%                  |
| <b>Covered - employee payroll</b>   | \$ 2,196,349                | \$ 2,315,271         | \$ 2,466,806         |
| <b>County's net pension liability as a percentage of covered-employee payroll</b> | 5%                          | 362%                 | 232%                 |

# County of Crawford, Michigan

## Required Supplementary Information Employee Retirement Benefit Systems Schedule of Employer Contributions For the Year Ended September 30, 2017

|  | For MERS Years Ending 12/31 |              |              |
|--|-----------------------------|--------------|--------------|
|  | 2017                        | 2016         | 2015         |
| Actuarially determined contribution                                  | \$ 45,890                   | \$ 582,630   | \$ 571,740   |
| Contributions in relation to the actuarially determined contribution | (45,890)                    | (582,630)    | (571,740)    |
| Contribution deficiency (excess)                                     | \$ -                        | \$ -         | \$ -         |
| Covered - employee payroll   | \$ 2,196,349                | \$ 2,315,271 | \$ 2,466,806 |
| Contributions as a percentage of covered-employee payroll            | 2%                          | 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 | 22 years   |
| Asset valuation method        | 5-years smoothed market  |
| Inflation                     | 2.50%  |
| Salary increases              | 3.75%, average, including inflation  |
| Investment rate of return     | 7.75%  |
| Retirement age                | In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience |
| Mortality                     | Assumptions were based on the RP 2014 Annuity Mortality Table - Blended 50% Male / 50% Female  |



Required Supplementary Information  
Employee Retirement Benefit Systems  
Schedule of Funding Progress  
September 30, 2017

**Health Plan:**

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

# County of Crawford, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Fund Year Ended September 30, 2017

|                                 | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---------------------------------|------------------|------------------|-------------------|---|
|                                 | Original         | Final            |                   |   |
| <b>REVENUES:</b>                |                  |                  |                   |   |
| Taxes                           | \$ 3,693,940     | \$ 3,967,940     | \$ 3,688,771      | \$ (279,169)  |
| Licenses and Permits            | 22,000           | 22,000           | 22,379            | 379   |
| Federal Sources                 | 25,000           | 32,500           | 24,940            | (7,560)   |
| State Sources                   | 506,578          | 464,216          | 707,205           | 242,989   |
| Charges for Services            | 734,795          | 773,795          | 765,271           | (8,524)   |
| Interest and Rentals            | 9,750            | 14,750           | 14,807            | 57  |
| Other Revenue                   | 62,850           | 104,850          | 114,217           | 9,367   |
| <b>TOTAL REVENUES</b>           | <b>5,054,913</b> | <b>5,380,051</b> | <b>5,337,590</b>  | <b>(42,461)</b>   |
| <b>EXPENDITURES:</b>            |                  |                  |                   |   |
| Legislative:                    |                  |                  |                   |   |
| Board of Commissioners          | 128,553          | 125,553          | 124,951           | 602   |
| Judicial:                       |                  |                  |                   |   |
| Trial Court                     | 958,004          | 888,160          | 868,171           | 19,989  |
| Court Appointed Attorneys       | 154,000          | 159,500          | 159,386           | 114   |
| Jury Commission                 | 2,000            | 2,700            | 2,700             | -   |
| <b>Total Judicial</b>           | <b>1,114,004</b> | <b>1,050,360</b> | <b>1,030,257</b>  | <b>20,103</b>   |
| General Government:             |                  |                  |                   |   |
| Corporate Counsel               | 4,000            | 4,000            | 3,163             | 837   |
| Elections                       | 21,750           | 29,750           | 29,690            | 60  |
| County Clerk                    | 248,620          | 245,620          | 244,515           | 1,105   |
| Controller's Office             | 142,540          | 142,540          | 142,187           | 353   |
| Equalization                    | 187,965          | 176,965          | 176,576           | 389   |
| Prosecuting Attorney            | 283,753          | 273,753          | 273,327           | 426   |
| COOP Reimbursement Program      | 5,270            | 7,270            | 6,768             | 502   |
| Crime Victims Program           | 46,100           | 46,100           | 29,941            | 16,159  |
| Purchasing                      | 40,000           | 23,000           | 22,114            | 886   |
| County Treasurer                | 164,850          | 160,850          | 160,653           | 197   |
| Data Processing                 | 65,681           | 53,681           | 53,388            | 293   |
| Buildings and Grounds           | 156,050          | 152,050          | 151,907           | 143   |
| <b>Total General Government</b> | <b>1,366,579</b> | <b>1,315,579</b> | <b>1,294,229</b>  | <b>21,350</b>   |

# County of Crawford, Michigan

## Required Supplementary Information Budgetary Comparison Schedule General Fund Year Ended September 30, 2017

|  | Budgeted Amounts    |                  | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|---------------------|------------------|-------------------|---|
|  | Original            | Final            |                   |   |
| Public Safety:   |                     |                  |                   |   |
| Sheriff  | 1,004,313           | 986,813          | 986,288           | 525   |
| Marine Department  | 10,650              | 16,950           | 16,934            | 16  |
| Snowmobile Safety  | 8,875               | 8,075            | 7,704             | 371   |
| Bailiff  | 11,955              | 14,455           | 14,275            | 180   |
| Secondary Road Patrol  | 86,990              | 88,490           | 88,031            | 459   |
| Seasonal Traffic Safety  | 8,725               | 4,725            | 3,884             | 841   |
| Jail   | 1,151,400           | 1,091,400        | 1,091,084         | 316   |
| Inmate Transportation  | 12,625              | 22,425           | 22,048            | 377   |
| ORV Grant  | 11,050              | 16,550           | 16,029            | 521   |
| Emergency Preparedness   | 36,100              | 34,100           | 33,384            | 716   |
| Animal Control   | 60,793              | 60,793           | 60,712            | 81  |
| Total Public Safety  | <u>2,403,476</u>    | <u>2,344,776</u> | <u>2,340,373</u>  | <u>4,403</u>  |
| Health and Welfare:  |                     |                  |                   |   |
| Mental Health  | 35,600              | 35,600           | 35,600            | -   |
| Contagious Disease   | 500                 | 500              | 104               | 396   |
| Substance Abuse  | 27,650              | 27,650           | 27,245            | 405   |
| Medical Examiner   | 36,750              | 56,888           | 55,196            | 1,692   |
| Total Health and Welfare   | <u>100,500</u>      | <u>120,638</u>   | <u>118,145</u>    | <u>2,493</u>  |
| Capital Outlay   | -                   | 30,995           | 30,563            | 432   |
| Other Expenditures:  |                     |                  |                   |   |
| Fringe Benefits  | 19,050              | 6,550            | 6,360             | 190   |
| Insurance  | 114,000             | 108,000          | 107,932           | 68  |
| Other  | 2,000               | 500              | 323               | 177   |
| Total Other Expenditures   | <u>135,050</u>      | <u>115,050</u>   | <u>114,615</u>    | <u>435</u>  |
| TOTAL EXPENDITURES   | <u>5,248,162</u>    | <u>5,102,951</u> | <u>5,053,133</u>  | <u>49,818</u>   |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES   | (193,249)           | 277,100          | 284,457           | 7,357   |
| OTHER FINANCING SOURCES (USES):  |                     |                  |                   |   |
| Transfers In   | 256,249             | 275,249          | 281,349           | 6,100   |
| Transfers Out  | (263,000)           | (512,349)        | (520,527)         | (8,178)   |
| EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br>FINANCING SOURCES OVER EXPENDITURES<br>AND OTHER FINANCING USES | <u>\$ (200,000)</u> | <u>\$ 40,000</u> | 45,279            | <u>\$ 5,279</u>   |
| FUND BALANCE, OCTOBER 1  |                     |                  | <u>780,824</u>    |   |
| FUND BALANCE, SEPTEMBER 30   |                     |                  | <u>\$ 826,103</u> |   |

**County of Crawford, Michigan**

**Required Supplementary Information  
Budgetary Comparison Schedule  
County Library Fund  
Year Ended September 30, 2017**

|  | Budgeted Amounts |             | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|-------------|-------------------|---|
|  | Original         | Final       |                   |   |
| REVENUES:  |                  |             |                   |   |
| Taxes  | \$ 235,200       | \$ 253,018  | \$ 255,179        | \$ 2,161  |
| State Sources  | 1,000            | 1,000       | 2,750             | 1,750   |
| Interest and Rentals                                 | 1,000            | 1,000       | 1,353             | 353   |
| Other Revenue  | 226,290          | 226,290     | 219,631           | (6,659)   |
| TOTAL REVENUES                                       | 463,490          | 481,308     | 478,913           | (2,395)   |
| EXPENDITURES:  |                  |             |                   |   |
| Recreation and Culture                               | 531,154          | 541,154     | 458,471           | 82,683  |
| TOTAL EXPENDITURES                                   | 531,154          | 541,154     | 458,471           | 82,683  |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES | \$ (67,664)      | \$ (59,846) | 20,442            | \$ 80,288   |
| FUND BALANCE, OCTOBER 1                              |                  |             | 406,776           |   |
| FUND BALANCE, SEPTEMBER 30                           |                  |             | \$ 427,218        |   |

**Required Supplementary Information  
Budgetary Comparison Schedule  
Housing Commission  
Year Ended September 30, 2017**

|  | Budgeted Amounts |           | Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|-----------|-------------------|---|
|  | Original         | Final     |                   |   |
| REVENUES:  |                  |           |                   |   |
| Federal Sources                                      | \$ -             | \$ 30,000 | \$ 31,827         | \$ 1,827  |
| Interest and Rentals                                 | -                | -         | 33                | 33  |
| Other Revenue  | 43,000           | 83,000    | 81,581            | (1,419)   |
| TOTAL REVENUES                                       | 43,000           | 113,000   | 113,441           | 441   |
| EXPENDITURES:  |                  |           |                   |   |
| Health and Welfare                                   | 43,000           | 113,000   | 90,803            | 22,197  |
| TOTAL EXPENDITURES                                   | 43,000           | 113,000   | 90,803            | 22,197  |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER EXPENDITURES | \$ -             | \$ -      | 22,638            | \$ 22,638   |
| FUND BALANCE, OCTOBER 1                              |                  |           | 62,235            |   |
| FUND BALANCE, SEPTEMBER 30                           |                  |           | \$ 84,873         |   |

## **Other Information**

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# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2017

### Special Revenue Funds

|  | Revenue<br>Sharing      | Special<br>Projects      | Regional DWI<br>Sobriety<br>Court | Recycling<br>Fund      | Road<br>Patrol<br>Millage | 46th Judicial<br>Trial Court | Friend of<br>the Court  | Family<br>Counseling    |
|--|-------------------------|--------------------------|-----------------------------------|------------------------|---------------------------|------------------------------|-------------------------|-------------------------|
| <b>ASSETS:</b>   |                         |                          |                                   |                        |                           |                              |                         |                         |
| Cash and Equivalents - Unrestricted                              | \$ 332                  | \$ 755                   | \$ 9,385                          | \$ 8,095               | \$ 29,730                 | \$ 17,866                    | \$ 4,378                | \$ 14,477               |
| Receivables:   |                         |                          |                                   |                        |                           |                              |                         |                         |
| Accounts   | -                       | -                        | 129,913                           | -                      | -                         | 39,272                       | -                       | -                       |
| Grants   | -                       | -                        | -                                 | -                      | -                         | -                            | 67,439                  | -                       |
| Taxes  | -                       | -                        | -                                 | -                      | 1,636                     | -                            | -                       | -                       |
| Notes  | -                       | 113,067                  | -                                 | -                      | -                         | -                            | -                       | -                       |
| Inventory  | -                       | -                        | -                                 | -                      | -                         | -                            | -                       | -                       |
| Due from Other Funds   | 85,000                  | 30,000                   | -                                 | -                      | -                         | -                            | -                       | -                       |
| <b>TOTAL ASSETS</b>  | <b><u>\$ 85,332</u></b> | <b><u>\$ 143,822</u></b> | <b><u>\$ 139,298</u></b>          | <b><u>\$ 8,095</u></b> | <b><u>\$ 31,366</u></b>   | <b><u>\$ 57,138</u></b>      | <b><u>\$ 71,817</u></b> | <b><u>\$ 14,477</u></b> |
| <b>LIABILITIES:</b>  |                         |                          |                                   |                        |                           |                              |                         |                         |
| Accounts Payable   | \$ -                    | \$ -                     | \$ 16,473                         | \$ -                   | \$ 5,363                  | \$ 940                       | \$ 256                  | \$ 760                  |
| Accrued Liabilities  | -                       | -                        | 4,685                             | -                      | 11,754                    | 8,894                        | 9,678                   | -                       |
| Due to Other Funds   | -                       | -                        | 115,000                           | -                      | -                         | 47,000                       | -                       | -                       |
| Unearned Revenue   | -                       | -                        | -                                 | -                      | 2,723                     | -                            | -                       | -                       |
| <b>TOTAL LIABILITIES</b>   | <b><u>-</u></b>         | <b><u>-</u></b>          | <b><u>136,158</u></b>             | <b><u>-</u></b>        | <b><u>19,840</u></b>      | <b><u>56,834</u></b>         | <b><u>9,934</u></b>     | <b><u>760</u></b>       |
| <b>DEFERRED INFLOWS:</b>   |                         |                          |                                   |                        |                           |                              |                         |                         |
| Unavailable Revenue - Loans                                      | -                       | 113,067                  | -                                 | -                      | -                         | -                            | -                       | -                       |
| <b>FUND BALANCES:</b>  |                         |                          |                                   |                        |                           |                              |                         |                         |
| Nonspendable   | -                       | -                        | -                                 | -                      | -                         | -                            | -                       | -                       |
| Restricted   | -                       | 30,755                   | 3,140                             | -                      | 11,526                    | -                            | -                       | -                       |
| Committed  | 85,332                  | -                        | -                                 | -                      | -                         | -                            | 61,883                  | -                       |
| Assigned   | -                       | -                        | -                                 | 8,095                  | -                         | 304                          | -                       | 13,717                  |
| <b>TOTAL FUND BALANCES</b>                                       | <b><u>85,332</u></b>    | <b><u>30,755</u></b>     | <b><u>3,140</u></b>               | <b><u>8,095</u></b>    | <b><u>11,526</u></b>      | <b><u>304</u></b>            | <b><u>61,883</u></b>    | <b><u>13,717</u></b>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS AND FUND BALANCES</b> | <b><u>\$ 85,332</u></b> | <b><u>\$ 143,822</u></b> | <b><u>\$ 139,298</u></b>          | <b><u>\$ 8,095</u></b> | <b><u>\$ 31,366</u></b>   | <b><u>\$ 57,138</u></b>      | <b><u>\$ 71,817</u></b> | <b><u>\$ 14,477</u></b> |

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2017

### Special Revenue Funds

|  | Sports<br>Complex | Airport          | District<br>Health<br>Department | Enforcement/<br>Recycle | Liquor<br>Law   | COPS<br>Grant    | Bankhead<br>Jones | ORV<br>Enforcement |
|--|-------------------|------------------|----------------------------------|-------------------------|-----------------|------------------|-------------------|--------------------|
| <b>ASSETS:</b>   |                   |                  |                                  |                         |                 |                  |                   |                    |
| Cash and Equivalents - Unrestricted                              | \$ 13,602         | \$ 11,282        | \$ 2,683                         | \$ 45,419               | \$ 1,318        | \$ 11,373        | \$ 450            | \$ 2,557           |
| Receivables:   |                   |                  |                                  |                         |                 |                  |                   |                    |
| Accounts   | -                 | -                | -                                | 18,800                  | -               | -                | -                 | -                  |
| Grants   | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| Taxes  | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| Notes  | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| Inventory  | -                 | 18,368           | -                                | -                       | -               | -                | -                 | -                  |
| Due from Other Funds   | -                 | -                | -                                | -                       | -               | -                | 19,000            | -                  |
| <b>TOTAL ASSETS</b>  | <u>\$ 13,602</u>  | <u>\$ 29,650</u> | <u>\$ 2,683</u>                  | <u>\$ 64,219</u>        | <u>\$ 1,318</u> | <u>\$ 11,373</u> | <u>\$ 19,450</u>  | <u>\$ 2,557</u>    |
| <b>LIABILITIES:</b>  |                   |                  |                                  |                         |                 |                  |                   |                    |
| Accounts Payable   | \$ 1,514          | \$ 3,153         | \$ 1,291                         | \$ 1,286                | \$ -            | \$ -             | \$ -              | \$ -               |
| Accrued Liabilities  | -                 | 36               | -                                | 1,911                   | -               | 454              | -                 | -                  |
| Due to Other Funds   | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| Unearned Revenue   | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| <b>TOTAL LIABILITIES</b>   | <u>1,514</u>      | <u>3,189</u>     | <u>1,291</u>                     | <u>3,197</u>            | <u>-</u>        | <u>454</u>       | <u>-</u>          | <u>-</u>           |
| <b>DEFERRED INFLOWS:</b>   |                   |                  |                                  |                         |                 |                  |                   |                    |
| Unavailable Revenue - Loans                                      | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| <b>FUND BALANCES:</b>  |                   |                  |                                  |                         |                 |                  |                   |                    |
| Nonspendable   | -                 | 18,368           | -                                | -                       | -               | -                | -                 | -                  |
| Restricted   | -                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| Committed  | 12,088            | 8,093            | -                                | 61,022                  | -               | 10,919           | -                 | -                  |
| Assigned   | -                 | -                | 1,392                            | -                       | 1,318           | -                | 19,450            | 2,557              |
| <b>TOTAL FUND BALANCES</b>                                       | <u>12,088</u>     | <u>26,461</u>    | <u>1,392</u>                     | <u>61,022</u>           | <u>1,318</u>    | <u>10,919</u>    | <u>19,450</u>     | <u>2,557</u>       |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS AND FUND BALANCES</b> | <u>\$ 13,602</u>  | <u>\$ 29,650</u> | <u>\$ 2,683</u>                  | <u>\$ 64,219</u>        | <u>\$ 1,318</u> | <u>\$ 11,373</u> | <u>\$ 19,450</u>  | <u>\$ 2,557</u>    |



# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2017

### Special Revenue Funds

|  | Building and<br>Zoning | Sheriff's<br>Youth<br>Services | Homestead<br>P.R.E. Audit | Remonu-<br>mentation | Register of<br>Deeds<br>Automation | MSU<br>Extension | Drug<br>Enforcement | Law<br>Library  |
|--|------------------------|--------------------------------|---------------------------|----------------------|------------------------------------|------------------|---------------------|-----------------|
| <b>ASSETS:</b>   |                        |                                |                           |                      |                                    |                  |                     |                 |
| Cash and Equivalents - Unrestricted                              | \$ 39,611              | \$ 16,271                      | \$ 6,669                  | \$ 19,173            | \$ 557                             | \$ 7,453         | \$ 9,987            | \$ 6,609        |
| Receivables:   |                        |                                |                           |                      |                                    |                  |                     |                 |
| Accounts   | -                      | -                              | 1,402                     | -                    | -                                  | -                | -                   | -               |
| Grants   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Taxes  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Notes  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Inventory  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Due from Other Funds   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| <b>TOTAL ASSETS</b>  | <u>\$ 39,611</u>       | <u>\$ 16,271</u>               | <u>\$ 8,071</u>           | <u>\$ 19,173</u>     | <u>\$ 557</u>                      | <u>\$ 7,453</u>  | <u>\$ 9,987</u>     | <u>\$ 6,609</u> |
| <b>LIABILITIES:</b>  |                        |                                |                           |                      |                                    |                  |                     |                 |
| Accounts Payable   | \$ 1,572               | \$ -                           | \$ 8,071                  | \$ -                 | \$ -                               | \$ -             | \$ -                | \$ 852          |
| Accrued Liabilities  | 5,539                  | -                              | -                         | -                    | -                                  | 447              | -                   | -               |
| Due to Other Funds   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Unearned Revenue   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| <b>TOTAL LIABILITIES</b>   | <u>7,111</u>           | <u>-</u>                       | <u>8,071</u>              | <u>-</u>             | <u>-</u>                           | <u>447</u>       | <u>-</u>            | <u>852</u>      |
| <b>DEFERRED INFLOWS:</b>   |                        |                                |                           |                      |                                    |                  |                     |                 |
| Unavailable Revenue - Loans                                      | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| <b>FUND BALANCES:</b>  |                        |                                |                           |                      |                                    |                  |                     |                 |
| Nonspendable   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Restricted   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Committed  | -                      | 16,271                         | -                         | 19,173               | -                                  | 7,006            | 9,987               | -               |
| Assigned   | 32,500                 | -                              | -                         | -                    | 557                                | -                | -                   | 5,757           |
| <b>TOTAL FUND BALANCES</b>                                       | <u>32,500</u>          | <u>16,271</u>                  | <u>-</u>                  | <u>19,173</u>        | <u>557</u>                         | <u>7,006</u>     | <u>9,987</u>        | <u>5,757</u>    |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS AND FUND BALANCES</b> | <u>\$ 39,611</u>       | <u>\$ 16,271</u>               | <u>\$ 8,071</u>           | <u>\$ 19,173</u>     | <u>\$ 557</u>                      | <u>\$ 7,453</u>  | <u>\$ 9,987</u>     | <u>\$ 6,609</u> |

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2017

### Special Revenue Funds

|  | 911               | 2009<br>Homeland<br>Security | Correction<br>Officer<br>Training | Department<br>of Human<br>Services | Probate<br>Child Care | Soldiers'<br>Sailors'<br>Relief | Michigan<br>Veterans<br>Trust | Hatchery<br>Restoration |
|--|-------------------|------------------------------|-----------------------------------|------------------------------------|-----------------------|---------------------------------|-------------------------------|-------------------------|
| <b>ASSETS:</b>   |                   |                              |                                   |                                    |                       |                                 |                               |                         |
| Cash and Equivalents - Unrestricted                              | \$ 7,507          | \$ 11,530                    | \$ 13,470                         | \$ 17,429                          | \$ 11,617             | \$ 193,386                      | \$ 526                        | \$ 207                  |
| Receivables:   |                   |                              |                                   |                                    |                       |                                 |                               |                         |
| Accounts   | 104,666           | -                            | -                                 | -                                  | 49,495                | -                               | -                             | -                       |
| Grants   | -                 | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Taxes  | -                 | -                            | -                                 | -                                  | -                     | 169                             | -                             | -                       |
| Notes  | -                 | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Inventory  | -                 | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Due from Other Funds   | -                 | -                            | -                                 | -                                  | 185,000               | -                               | -                             | 12,000                  |
| <b>TOTAL ASSETS</b>  | <b>\$ 112,173</b> | <b>\$ 11,530</b>             | <b>\$ 13,470</b>                  | <b>\$ 17,429</b>                   | <b>\$ 246,112</b>     | <b>\$ 193,555</b>               | <b>\$ 526</b>                 | <b>\$ 12,207</b>        |
| <b>LIABILITIES:</b>  |                   |                              |                                   |                                    |                       |                                 |                               |                         |
| Accounts Payable   | \$ 141            | \$ 9,806                     | \$ -                              | \$ -                               | \$ 44,887             | \$ 2,996                        | \$ -                          | \$ -                    |
| Accrued Liabilities  | 10,293            | -                            | -                                 | -                                  | 6,890                 | 1,005                           | -                             | -                       |
| Due to Other Funds   | 70,000            | -                            | -                                 | -                                  | 145,000               | -                               | -                             | -                       |
| Unearned Revenue   | -                 | -                            | -                                 | -                                  | -                     | 169                             | -                             | -                       |
| <b>TOTAL LIABILITIES</b>   | <b>80,434</b>     | <b>9,806</b>                 | <b>-</b>                          | <b>-</b>                           | <b>196,777</b>        | <b>4,170</b>                    | <b>-</b>                      | <b>-</b>                |
| <b>DEFERRED INFLOWS:</b>   |                   |                              |                                   |                                    |                       |                                 |                               |                         |
| Unavailable Revenue - Loans                                      | -                 | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| <b>FUND BALANCES:</b>  |                   |                              |                                   |                                    |                       |                                 |                               |                         |
| Nonspendable   | -                 | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Restricted   | 31,739            | -                            | -                                 | 17,429                             | 49,335                | -                               | -                             | -                       |
| Committed  | -                 | 1,724                        | 13,470                            | -                                  | -                     | -                               | 526                           | 12,207                  |
| Assigned   | -                 | -                            | -                                 | -                                  | -                     | 189,385                         | -                             | -                       |
| <b>TOTAL FUND BALANCES</b>                                       | <b>31,739</b>     | <b>1,724</b>                 | <b>13,470</b>                     | <b>17,429</b>                      | <b>49,335</b>         | <b>189,385</b>                  | <b>526</b>                    | <b>12,207</b>           |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS AND FUND BALANCES</b> | <b>\$ 112,173</b> | <b>\$ 11,530</b>             | <b>\$ 13,470</b>                  | <b>\$ 17,429</b>                   | <b>\$ 246,112</b>     | <b>\$ 193,555</b>               | <b>\$ 526</b>                 | <b>\$ 12,207</b>        |

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2017

|  | Special Revenue Funds        |                               |                        |                  |                                  |                              |                             | Debt<br>Service<br>Fund |
|--|------------------------------|-------------------------------|------------------------|------------------|----------------------------------|------------------------------|-----------------------------|-------------------------|
|  | 2014<br>Homeland<br>Security | Revenue<br>Sharing<br>Reserve | Commission<br>on Aging | GIS              | Concealed<br>Pistol<br>Licensing | 2015<br>Homeland<br>Security | Court House<br>Preservation | Library<br>Debt         |
| <b>ASSETS:</b>   |                              |                               |                        |                  |                                  |                              |                             |                         |
| Cash and Equivalents - Unrestricted                              | \$ 197                       | \$ -                          | \$ 392,024             | \$ 22,292        | \$ 18,635                        | \$ 9,502                     | \$ 908                      | \$ 682                  |
| Receivables:   |                              |                               |                        |                  |                                  |                              |                             |                         |
| Accounts   | -                            | -                             | 2,431                  | -                | -                                | -                            | -                           | -                       |
| Grants   | -                            | -                             | -                      | -                | -                                | 45,498                       | -                           | -                       |
| Taxes  | -                            | -                             | 1,017                  | -                | -                                | -                            | -                           | 312                     |
| Notes  | -                            | -                             | -                      | -                | -                                | -                            | -                           | -                       |
| Inventory  | -                            | -                             | 5,911                  | -                | -                                | -                            | -                           | -                       |
| Due from Other Funds   | 21,000                       | -                             | -                      | -                | -                                | -                            | 14,000                      | -                       |
| <b>TOTAL ASSETS</b>  | <b>\$ 21,197</b>             | <b>\$ -</b>                   | <b>\$ 401,383</b>      | <b>\$ 22,292</b> | <b>\$ 18,635</b>                 | <b>\$ 55,000</b>             | <b>\$ 14,908</b>            | <b>\$ 994</b>           |
| <b>LIABILITIES:</b>  |                              |                               |                        |                  |                                  |                              |                             |                         |
| Accounts Payable   | \$ -                         | \$ -                          | \$ 12,034              | \$ 2,323         | \$ -                             | \$ -                         | \$ 278                      | \$ -                    |
| Accrued Liabilities  | -                            | -                             | 19,910                 | -                | -                                | -                            | -                           | -                       |
| Due to Other Funds   | -                            | -                             | -                      | -                | -                                | 55,000                       | -                           | -                       |
| Unearned Revenue   | -                            | -                             | 6,260                  | -                | -                                | -                            | -                           | 46                      |
| <b>TOTAL LIABILITIES</b>   | <b>-</b>                     | <b>-</b>                      | <b>38,204</b>          | <b>2,323</b>     | <b>-</b>                         | <b>55,000</b>                | <b>278</b>                  | <b>46</b>               |
| <b>DEFERRED INFLOWS:</b>   |                              |                               |                        |                  |                                  |                              |                             |                         |
| Unavailable Revenue - Loans                                      | -                            | -                             | -                      | -                | -                                | -                            | -                           | -                       |
| <b>FUND BALANCES:</b>  |                              |                               |                        |                  |                                  |                              |                             |                         |
| Nonspendable   | -                            | -                             | 5,911                  | -                | -                                | -                            | -                           | -                       |
| Restricted   | 21,197                       | -                             | 357,268                | 19,969           | -                                | -                            | 14,630                      | 948                     |
| Committed  | -                            | -                             | -                      | -                | -                                | -                            | -                           | -                       |
| Assigned   | -                            | -                             | -                      | -                | 18,635                           | -                            | -                           | -                       |
| <b>TOTAL FUND BALANCES</b>                                       | <b>21,197</b>                | <b>-</b>                      | <b>363,179</b>         | <b>19,969</b>    | <b>18,635</b>                    | <b>-</b>                     | <b>14,630</b>               | <b>948</b>              |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS AND FUND BALANCES</b> | <b>\$ 21,197</b>             | <b>\$ -</b>                   | <b>\$ 401,383</b>      | <b>\$ 22,292</b> | <b>\$ 18,635</b>                 | <b>\$ 55,000</b>             | <b>\$ 14,908</b>            | <b>\$ 994</b>           |

|  | Debt Service Funds |                  |                            | Totals              |
|--|--------------------|------------------|----------------------------|---------------------|
|  | Animal Shelter     | MERS Retirement  | County Building Renovation |                     |
| <b>ASSETS:</b>   |                    |                  |                            |                     |
| Cash and Equivalents - Unrestricted                          | \$ 159             | \$ 19,173        | \$ 1,005                   | \$ 1,000,281        |
| Receivables:   |                    |                  |                            |                     |
| Accounts   | -                  | -                | -                          | 345,979             |
| Grants   | -                  | -                | -                          | 112,937             |
| Taxes  | 426                | -                | -                          | 3,560               |
| Notes  | -                  | -                | -                          | 113,067             |
| Inventory  | -                  | -                | -                          | 24,279              |
| Due from Other Funds   | 5,000              | -                | -                          | 371,000             |
| <b>TOTAL ASSETS</b>  | <u>\$ 5,585</u>    | <u>\$ 19,173</u> | <u>\$ 1,005</u>            | <u>\$ 1,971,103</u> |
| <b>LIABILITIES:</b>  |                    |                  |                            |                     |
| Accounts Payable   | \$ -               | \$ -             | \$ -                       | \$ 113,996          |
| Accrued Liabilities  | -                  | -                | -                          | 81,496              |
| Due to Other Funds   | -                  | -                | -                          | 432,000             |
| Unearned Revenue   | 426                | -                | -                          | 9,624               |
| <b>TOTAL LIABILITIES</b>                                     | <u>426</u>         | <u>-</u>         | <u>-</u>                   | <u>637,116</u>      |
| <b>DEFERRED INFLOWS:</b>                                     |                    |                  |                            |                     |
| Unavailable Revenue - Loans                                  | -                  | -                | -                          | 113,067             |
| <b>FUND BALANCES:</b>  |                    |                  |                            |                     |
| Nonspendable   | -                  | -                | -                          | 24,279              |
| Restricted   | 5,159              | 19,173           | 1,005                      | 583,273             |
| Committed  | -                  | -                | -                          | 319,701             |
| Assigned   | -                  | -                | -                          | 293,667             |
| <b>TOTAL FUND BALANCES</b>                                   | <u>5,159</u>       | <u>19,173</u>    | <u>1,005</u>               | <u>1,220,920</u>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> | <u>\$ 5,585</u>    | <u>\$ 19,173</u> | <u>\$ 1,005</u>            | <u>\$ 1,971,103</u> |

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2017

|   | Special Revenue Funds |                     |                                   |                   |                           |                              |                        |                      |
|---|-----------------------|---------------------|-----------------------------------|-------------------|---------------------------|------------------------------|------------------------|----------------------|
|   | Revenue<br>Sharing    | Special<br>Projects | Regional DWI<br>Sobriety<br>Court | Recycling<br>Fund | Road<br>Patrol<br>Millage | 46th Judicial<br>Trial Court | Friend of<br>the Court | Family<br>Counseling |
| <b>REVENUES:</b>  |                       |                     |                                   |                   |                           |                              |                        |                      |
| Taxes   | \$ -                  | \$ -                | \$ -                              | \$ -              | \$ 474,852                | \$ -                         | \$ -                   | \$ -                 |
| Federal Sources   | -                     | -                   | 248,570                           | -                 | -                         | -                            | 232,874                | -                    |
| Licenses and Permits  | -                     | -                   | -                                 | -                 | -                         | -                            | -                      | -                    |
| State Sources   | 323,948               | -                   | -                                 | -                 | 35,638                    | 45,991                       | 36,611                 | -                    |
| Local Sources   | -                     | -                   | -                                 | 2,818             | 9,852                     | 137,621                      | -                      | -                    |
| Charges for Services  | -                     | -                   | 33,158                            | 46,439            | -                         | -                            | 17,586                 | 2,135                |
| Interest and Rentals  | -                     | -                   | -                                 | -                 | -                         | -                            | -                      | -                    |
| Other Revenues  | -                     | 10,373              | 5,000                             | -                 | 5,064                     | -                            | -                      | -                    |
| <b>TOTAL REVENUES</b>   | <b>323,948</b>        | <b>10,373</b>       | <b>286,728</b>                    | <b>49,257</b>     | <b>525,406</b>            | <b>183,612</b>               | <b>287,071</b>         | <b>2,135</b>         |
| <b>EXPENDITURES:</b>  |                       |                     |                                   |                   |                           |                              |                        |                      |
| General Government  | -                     | -                   | -                                 | 59,174            | -                         | -                            | -                      | -                    |
| Judicial  | -                     | -                   | -                                 | -                 | -                         | 238,445                      | 337,096                | 5,514                |
| Public Safety   | -                     | -                   | -                                 | -                 | 559,179                   | -                            | -                      | -                    |
| Health and Welfare  | -                     | -                   | 292,347                           | -                 | -                         | -                            | -                      | -                    |
| Community/Economic Development  | -                     | 854                 | -                                 | -                 | -                         | -                            | -                      | -                    |
| Recreation and Culture  | -                     | -                   | -                                 | -                 | -                         | -                            | -                      | -                    |
| Debt Service  | -                     | -                   | -                                 | -                 | -                         | -                            | -                      | -                    |
| <b>TOTAL EXPENDITURES</b>   | <b>-</b>              | <b>854</b>          | <b>292,347</b>                    | <b>59,174</b>     | <b>559,179</b>            | <b>238,445</b>               | <b>337,096</b>         | <b>5,514</b>         |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>323,948</b>        | <b>9,519</b>        | <b>(5,619)</b>                    | <b>(9,917)</b>    | <b>(33,773)</b>           | <b>(54,833)</b>              | <b>(50,025)</b>        | <b>(3,379)</b>       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                       |                     |                                   |                   |                           |                              |                        |                      |
| Transfers In  | 500                   | -                   | 5,000                             | -                 | -                         | 47,522                       | 25,000                 | -                    |
| Transfers Out   | (320,803)             | -                   | -                                 | -                 | -                         | -                            | -                      | -                    |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>3,645</b>          | <b>9,519</b>        | <b>(619)</b>                      | <b>(9,917)</b>    | <b>(33,773)</b>           | <b>(7,311)</b>               | <b>(25,025)</b>        | <b>(3,379)</b>       |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>81,687</b>         | <b>21,236</b>       | <b>3,759</b>                      | <b>18,012</b>     | <b>45,299</b>             | <b>7,615</b>                 | <b>86,908</b>          | <b>17,096</b>        |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 85,332</b>      | <b>\$ 30,755</b>    | <b>\$ 3,140</b>                   | <b>\$ 8,095</b>   | <b>\$ 11,526</b>          | <b>\$ 304</b>                | <b>\$ 61,883</b>       | <b>\$ 13,717</b>     |

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2017

|   | Special Revenue Funds |                  |                                  |                         |                 |                  |                   |                    |
|---|-----------------------|------------------|----------------------------------|-------------------------|-----------------|------------------|-------------------|--------------------|
|   | Sports<br>Complex     | Airport          | District<br>Health<br>Department | Enforcement/<br>Recycle | Liquor<br>Law   | COPS<br>Grant    | Bankhead<br>Jones | ORV<br>Enforcement |
| <b>REVENUES:</b>  |                       |                  |                                  |                         |                 |                  |                   |                    |
| Taxes   | \$ -                  | \$ -             | \$ -                             | \$ -                    | \$ -            | \$ -             | \$ -              | \$ -               |
| Federal Sources   | -                     | -                | -                                | -                       | -               | -                | 43,522            | -                  |
| Licenses and Permits  | -                     | -                | -                                | -                       | -               | -                | -                 | -                  |
| State Sources   | -                     | -                | -                                | -                       | 1,318           | -                | -                 | 3,360              |
| Local Sources   | -                     | -                | 4,500                            | -                       | -               | 30,000           | -                 | -                  |
| Charges for Services  | -                     | 226              | -                                | 99,029                  | -               | -                | -                 | -                  |
| Interest and Rentals  | -                     | 10,100           | -                                | 93                      | -               | -                | -                 | -                  |
| Other Revenues  | 4,674                 | -                | -                                | 5,000                   | -               | -                | -                 | -                  |
| <b>TOTAL REVENUES</b>   | <b>4,674</b>          | <b>10,326</b>    | <b>4,500</b>                     | <b>104,122</b>          | <b>1,318</b>    | <b>30,000</b>    | <b>43,522</b>     | <b>3,360</b>       |
| <b>EXPENDITURES:</b>  |                       |                  |                                  |                         |                 |                  |                   |                    |
| General Government  | -                     | 18,848           | -                                | 128,814                 | -               | -                | 43,797            | -                  |
| Judicial  | -                     | -                | -                                | -                       | -               | -                | -                 | -                  |
| Public Safety   | -                     | -                | -                                | -                       | -               | 60,983           | -                 | 803                |
| Health and Welfare  | -                     | -                | 103,641                          | -                       | -               | -                | -                 | -                  |
| Community/Economic Development  | -                     | -                | -                                | -                       | -               | -                | -                 | -                  |
| Recreation and Culture  | 5,354                 | -                | -                                | -                       | -               | -                | -                 | -                  |
| Debt Service  | -                     | -                | -                                | -                       | -               | -                | -                 | -                  |
| <b>TOTAL EXPENDITURES</b>   | <b>5,354</b>          | <b>18,848</b>    | <b>103,641</b>                   | <b>128,814</b>          | <b>-</b>        | <b>60,983</b>    | <b>43,797</b>     | <b>803</b>         |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>(680)</b>          | <b>(8,522)</b>   | <b>(99,141)</b>                  | <b>(24,692)</b>         | <b>1,318</b>    | <b>(30,983)</b>  | <b>(275)</b>      | <b>2,557</b>       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                       |                  |                                  |                         |                 |                  |                   |                    |
| Transfers In  | -                     | 28,000           | 93,000                           | -                       | -               | 26,000           | -                 | -                  |
| Transfers Out   | -                     | -                | -                                | -                       | (3,929)         | -                | -                 | -                  |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>(680)</b>          | <b>19,478</b>    | <b>(6,141)</b>                   | <b>(24,692)</b>         | <b>(2,611)</b>  | <b>(4,983)</b>   | <b>(275)</b>      | <b>2,557</b>       |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>12,768</b>         | <b>6,983</b>     | <b>7,533</b>                     | <b>85,714</b>           | <b>3,929</b>    | <b>15,902</b>    | <b>19,725</b>     | <b>-</b>           |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 12,088</b>      | <b>\$ 26,461</b> | <b>\$ 1,392</b>                  | <b>\$ 61,022</b>        | <b>\$ 1,318</b> | <b>\$ 10,919</b> | <b>\$ 19,450</b>  | <b>\$ 2,557</b>    |

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2017

|   | Special Revenue Funds  |                                |                           |                      |                                    |                  |                     |                 |
|---|------------------------|--------------------------------|---------------------------|----------------------|------------------------------------|------------------|---------------------|-----------------|
|   | Building and<br>Zoning | Sheriff's<br>Youth<br>Services | Homestead<br>P.R.E. Audit | Remonu-<br>mentation | Register of<br>Deeds<br>Automation | MSU<br>Extension | Drug<br>Enforcement | Law<br>Libray   |
| <b>REVENUES:</b>  |                        |                                |                           |                      |                                    |                  |                     |                 |
| Taxes   | \$ -                   | \$ -                           | \$ -                      | \$ -                 | \$ -                               | \$ -             | \$ -                | \$ -            |
| Federal Sources   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Licenses and Permits  | 120,503                | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| State Sources   | -                      | -                              | -                         | 13,927               | -                                  | -                | -                   | -               |
| Local Sources   | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Charges for Services  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Interest and Rentals  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Other Revenues  | -                      | 11,208                         | -                         | -                    | -                                  | -                | 2,000               | 2,500           |
| <b>TOTAL REVENUES</b>   | <b>120,503</b>         | <b>11,208</b>                  | <b>-</b>                  | <b>13,927</b>        | <b>-</b>                           | <b>-</b>         | <b>2,000</b>        | <b>2,500</b>    |
| <b>EXPENDITURES:</b>  |                        |                                |                           |                      |                                    |                  |                     |                 |
| General Government  | -                      | -                              | -                         | 6,710                | 15,684                             | 43,993           | -                   | -               |
| Judicial  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | 5,388           |
| Public Safety   | 120,407                | 10,827                         | -                         | -                    | -                                  | -                | -                   | -               |
| Health and Welfare  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Community/Economic Development  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Recreation and Culture  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| Debt Service  | -                      | -                              | -                         | -                    | -                                  | -                | -                   | -               |
| <b>TOTAL EXPENDITURES</b>   | <b>120,407</b>         | <b>10,827</b>                  | <b>-</b>                  | <b>6,710</b>         | <b>15,684</b>                      | <b>43,993</b>    | <b>-</b>            | <b>5,388</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>96</b>              | <b>381</b>                     | <b>-</b>                  | <b>7,217</b>         | <b>(15,684)</b>                    | <b>(43,993)</b>  | <b>2,000</b>        | <b>(2,888)</b>  |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                        |                                |                           |                      |                                    |                  |                     |                 |
| Transfers In  | -                      | -                              | -                         | -                    | 20,005                             | 45,654           | -                   | 3,900           |
| Transfers Out   | -                      | -                              | -                         | -                    | (9,000)                            | -                | -                   | -               |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>96</b>              | <b>381</b>                     | <b>-</b>                  | <b>7,217</b>         | <b>(4,679)</b>                     | <b>1,661</b>     | <b>2,000</b>        | <b>1,012</b>    |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>32,404</b>          | <b>15,890</b>                  | <b>-</b>                  | <b>11,956</b>        | <b>5,236</b>                       | <b>5,345</b>     | <b>7,987</b>        | <b>4,745</b>    |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 32,500</b>       | <b>\$ 16,271</b>               | <b>\$ -</b>               | <b>\$ 19,173</b>     | <b>\$ 557</b>                      | <b>\$ 7,006</b>  | <b>\$ 9,987</b>     | <b>\$ 5,757</b> |

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2017

### Special Revenue Funds

|   | 911              | 2009<br>Homeland<br>Security | Correction<br>Officer<br>Training | Department<br>of Human<br>Services | Probate<br>Child Care | Soldiers'<br>Sailors'<br>Relief | Michigan<br>Veterans<br>Trust | Hatchery<br>Restoration |
|---|------------------|------------------------------|-----------------------------------|------------------------------------|-----------------------|---------------------------------|-------------------------------|-------------------------|
| <b>REVENUES:</b>  |                  |                              |                                   |                                    |                       |                                 |                               |                         |
| Taxes   | \$ -             | \$ -                         | \$ -                              | \$ -                               | \$ -                  | \$ 131,006                      | \$ -                          | \$ -                    |
| Federal Sources   | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Licenses and Permits  | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| State Sources   | -                | -                            | -                                 | -                                  | 348,230               | -                               | -                             | -                       |
| Local Sources   | 212              | -                            | -                                 | -                                  | 75,273                | -                               | -                             | -                       |
| Charges for Services  | 468,430          | -                            | 7,582                             | -                                  | -                     | -                               | -                             | -                       |
| Interest and Rentals  | -                | -                            | -                                 | 51                                 | -                     | -                               | -                             | -                       |
| Other Revenues  | -                | -                            | -                                 | 1,575                              | 13,984                | -                               | 1,167                         | -                       |
| <b>TOTAL REVENUES</b>   | <b>468,642</b>   | <b>-</b>                     | <b>7,582</b>                      | <b>1,626</b>                       | <b>437,487</b>        | <b>131,006</b>                  | <b>1,167</b>                  | <b>-</b>                |
| <b>EXPENDITURES:</b>  |                  |                              |                                   |                                    |                       |                                 |                               |                         |
| General Government  | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Judicial  | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Public Safety   | 469,357          | 18,546                       | 7,213                             | -                                  | -                     | -                               | -                             | -                       |
| Health and Welfare  | -                | -                            | -                                 | 3,465                              | 721,766               | 95,927                          | 1,456                         | -                       |
| Community/Economic Development  | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Recreation and Culture  | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| Debt Service  | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| <b>TOTAL EXPENDITURES</b>   | <b>469,357</b>   | <b>18,546</b>                | <b>7,213</b>                      | <b>3,465</b>                       | <b>721,766</b>        | <b>95,927</b>                   | <b>1,456</b>                  | <b>-</b>                |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>(715)</b>     | <b>(18,546)</b>              | <b>369</b>                        | <b>(1,839)</b>                     | <b>(284,279)</b>      | <b>35,079</b>                   | <b>(289)</b>                  | <b>-</b>                |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                  |                              |                                   |                                    |                       |                                 |                               |                         |
| Transfers In  | -                | -                            | -                                 | 6,000                              | 330,000               | -                               | -                             | -                       |
| Transfers Out   | -                | -                            | -                                 | -                                  | -                     | -                               | -                             | -                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>(715)</b>     | <b>(18,546)</b>              | <b>369</b>                        | <b>4,161</b>                       | <b>45,721</b>         | <b>35,079</b>                   | <b>(289)</b>                  | <b>-</b>                |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>32,454</b>    | <b>20,270</b>                | <b>13,101</b>                     | <b>13,268</b>                      | <b>3,614</b>          | <b>154,306</b>                  | <b>815</b>                    | <b>12,207</b>           |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 31,739</b> | <b>\$ 1,724</b>              | <b>\$ 13,470</b>                  | <b>\$ 17,429</b>                   | <b>\$ 49,335</b>      | <b>\$ 189,385</b>               | <b>\$ 526</b>                 | <b>\$ 12,207</b>        |



# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2017

|   | Special Revenue Funds        |                               |                        |                  |                              |                             |                             | Debt<br>Service<br>Fund |
|---|------------------------------|-------------------------------|------------------------|------------------|------------------------------|-----------------------------|-----------------------------|-------------------------|
|   | 2014<br>Homeland<br>Security | Revenue<br>Sharing<br>Reserve | Commission<br>on Aging | GIS              | 2015<br>Homeland<br>Security | Concealed<br>Pistol<br>Fund | Court House<br>Preservation | Library<br>Debt         |
| <b>REVENUES:</b>  |                              |                               |                        |                  |                              |                             |                             |                         |
| Taxes   | \$ -                         | \$ -                          | \$ 532,000             | \$ -             | \$ -                         | \$ -                        | \$ -                        | \$ -                    |
| Federal Sources   | -                            | -                             | 122,293                | -                | 141,759                      | -                           | -                           | -                       |
| Licenses and Permits  | -                            | -                             | -                      | -                | -                            | 7,141                       | -                           | -                       |
| State Sources   | -                            | -                             | 86,903                 | -                | -                            | -                           | -                           | -                       |
| Local Sources   | -                            | -                             | -                      | 21,575           | -                            | -                           | -                           | -                       |
| Charges for Services  | -                            | -                             | 31,977                 | -                | -                            | -                           | 41,868                      | -                       |
| Interest and Rentals  | -                            | -                             | 1,998                  | -                | -                            | -                           | -                           | -                       |
| Other Revenues  | -                            | -                             | 121,723                | 1,549            | -                            | -                           | -                           | 122                     |
| <b>TOTAL REVENUES</b>   | <b>-</b>                     | <b>-</b>                      | <b>896,894</b>         | <b>23,124</b>    | <b>141,759</b>               | <b>7,141</b>                | <b>41,868</b>               | <b>122</b>              |
| <b>EXPENDITURES:</b>  |                              |                               |                        |                  |                              |                             |                             |                         |
| General Government  | -                            | -                             | -                      | 23,155           | -                            | -                           | -                           | -                       |
| Judicial  | -                            | -                             | -                      | -                | -                            | -                           | 37,044                      | -                       |
| Public Safety   | -                            | -                             | -                      | -                | 145,038                      | 387                         | -                           | -                       |
| Health and Welfare  | -                            | -                             | 837,799                | -                | -                            | -                           | -                           | -                       |
| Community/Economic Development  | -                            | -                             | -                      | -                | -                            | -                           | -                           | -                       |
| Recreation and Culture  | -                            | -                             | -                      | -                | -                            | -                           | -                           | -                       |
| Debt Service  | -                            | -                             | -                      | -                | -                            | -                           | -                           | -                       |
| <b>TOTAL EXPENDITURES</b>   | <b>-</b>                     | <b>-</b>                      | <b>837,799</b>         | <b>23,155</b>    | <b>145,038</b>               | <b>387</b>                  | <b>37,044</b>               | <b>-</b>                |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>-</b>                     | <b>-</b>                      | <b>59,095</b>          | <b>(31)</b>      | <b>(3,279)</b>               | <b>6,754</b>                | <b>4,824</b>                | <b>122</b>              |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                              |                               |                        |                  |                              |                             |                             |                         |
| Transfers In  | -                            | -                             | -                      | 20,000           | -                            | -                           | -                           | -                       |
| Transfers Out   | -                            | (500)                         | -                      | -                | -                            | -                           | -                           | -                       |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>-</b>                     | <b>(500)</b>                  | <b>59,095</b>          | <b>19,969</b>    | <b>(3,279)</b>               | <b>6,754</b>                | <b>4,824</b>                | <b>122</b>              |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>21,197</b>                | <b>500</b>                    | <b>304,084</b>         | <b>-</b>         | <b>3,279</b>                 | <b>11,881</b>               | <b>9,806</b>                | <b>826</b>              |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 21,197</b>             | <b>\$ -</b>                   | <b>\$ 363,179</b>      | <b>\$ 19,969</b> | <b>\$ -</b>                  | <b>\$ 18,635</b>            | <b>\$ 14,630</b>            | <b>\$ 948</b>           |

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2017

|   | Debt Service Funds |                    |                                  | Totals              |
|---|--------------------|--------------------|----------------------------------|---------------------|
|   | Animal<br>Shelter  | MERS<br>Retirement | County<br>Building<br>Renovation |                     |
| <b>REVENUES:</b>  |                    |                    |                                  |                     |
| Taxes   | \$ -               | \$ -               | \$ -                             | \$ 1,137,858        |
| Federal Sources   | -                  | -                  | -                                | 789,018             |
| Licenses and Permits  | -                  | -                  | -                                | 127,644             |
| State Sources   | -                  | -                  | -                                | 895,926             |
| Local Sources   | -                  | -                  | -                                | 281,851             |
| Charges for Services  | -                  | -                  | -                                | 748,430             |
| Interest and Rentals  | -                  | -                  | -                                | 12,242              |
| Other Revenues  | 95                 | 210,000            | -                                | 396,034             |
| <b>TOTAL REVENUES</b>   | <b>95</b>          | <b>210,000</b>     | <b>-</b>                         | <b>4,389,003</b>    |
| <b>EXPENDITURES:</b>  |                    |                    |                                  |                     |
| General Government  | -                  | -                  | -                                | 340,175             |
| Judicial  | -                  | -                  | -                                | 623,487             |
| Public Safety   | -                  | -                  | -                                | 1,392,740           |
| Health and Welfare  | -                  | -                  | -                                | 2,056,401           |
| Community/Economic Development  | -                  | -                  | -                                | 854                 |
| Recreation and Culture  | -                  | -                  | -                                | 5,354               |
| Debt Service  | -                  | 210,064            | 142,800                          | 352,864             |
| <b>TOTAL EXPENDITURES</b>   | <b>-</b>           | <b>210,064</b>     | <b>142,800</b>                   | <b>4,771,875</b>    |
| <b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>  | <b>95</b>          | <b>(64)</b>        | <b>(142,800)</b>                 | <b>(382,872)</b>    |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                    |                    |                                  |                     |
| Transfers In  | -                  | -                  | 143,000                          | 793,581             |
| Transfers Out   | -                  | -                  | -                                | (334,232)           |
| <b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER<br/>FINANCING SOURCES OVER EXPENDITURES<br/>AND OTHER FINANCING USES</b> | <b>95</b>          | <b>(64)</b>        | <b>200</b>                       | <b>76,477</b>       |
| <b>FUND BALANCES, OCTOBER 1</b>   | <b>5,064</b>       | <b>19,237</b>      | <b>805</b>                       | <b>1,144,443</b>    |
| <b>FUND BALANCES, SEPTEMBER 30</b>  | <b>\$ 5,159</b>    | <b>\$ 19,173</b>   | <b>\$ 1,005</b>                  | <b>\$ 1,220,920</b> |

# County of Crawford, Michigan

## Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2017

|   | Sheriff<br>Commissary | Tax Sale<br>Proceeds | DTRF<br>Admin | 2009<br>Delinquent<br>Tax | 2010<br>Delinquent<br>Tax | 2011<br>Delinquent<br>Tax | 2012<br>Delinquent<br>Tax | 2013<br>Delinquent<br>Tax | 2014<br>Delinquent<br>Tax | 2015<br>Delinquent<br>Tax | Totals              |
|---|-----------------------|----------------------|---------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------|
| <b>ASSETS:</b>                            |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Cash and Equivalents - Unrestricted       | \$ 67,599             | \$ 1,508             | \$ -          | \$ 3,134                  | \$ 2,277                  | \$ -                      | \$ -                      | \$ 1,394                  | \$ 2,770                  | \$ 819                    | \$ 79,501           |
| Receivables:                              |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Taxes                                     | -                     | -                    | -             | 413                       | 518                       | 751                       | 840                       | 847                       | 3,810                     | 165,698                   | 172,877             |
| Interest                                  | -                     | -                    | -             | 147                       | 377                       | -                         | -                         | 393                       | 2,168                     | 46,909                    | 49,994              |
| Due from Other Funds                      | -                     | 434,000              | -             | 115,000                   | 36,000                    | 40,000                    | 271,000                   | 324,000                   | 256,000                   | -                         | 1,476,000           |
| Due from Others                           | -                     | 1,162                | -             | -                         | -                         | -                         | -                         | -                         | 2,570                     | 11,012                    | 14,744              |
| <b>TOTAL ASSETS</b>                       | <u>\$ 67,599</u>      | <u>\$ 436,670</u>    | <u>\$ -</u>   | <u>\$ 118,694</u>         | <u>\$ 39,172</u>          | <u>\$ 40,751</u>          | <u>\$ 271,840</u>         | <u>\$ 326,634</u>         | <u>\$ 267,318</u>         | <u>\$ 224,438</u>         | <u>\$ 1,793,116</u> |
| <b>LIABILITIES:</b>                       |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Accounts Payable                          | \$ 164                | \$ -                 | \$ -          | \$ -                      | \$ -                      | \$ -                      | \$ 1,205                  | \$ -                      | \$ -                      | \$ 76                     | \$ 1,445            |
| Due to Other Funds                        | -                     | -                    | -             | -                         | -                         | -                         | -                         | -                         | -                         | 51,000                    | 51,000              |
| Due to Other Governmental Units           | -                     | -                    | -             | -                         | -                         | 2,692                     | -                         | -                         | -                         | 1,563                     | 4,255               |
| <b>TOTAL LIABILITIES</b>                  | <u>164</u>            | <u>-</u>             | <u>-</u>      | <u>-</u>                  | <u>-</u>                  | <u>2,692</u>              | <u>1,205</u>              | <u>-</u>                  | <u>-</u>                  | <u>52,639</u>             | <u>56,700</u>       |
| <b>NET POSITION:</b>                      |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Unrestricted                              | <u>67,435</u>         | <u>436,670</u>       | <u>-</u>      | <u>118,694</u>            | <u>39,172</u>             | <u>38,059</u>             | <u>270,635</u>            | <u>326,634</u>            | <u>267,318</u>            | <u>171,799</u>            | <u>1,736,416</u>    |
| <b>TOTAL NET POSITION</b>                 | <u>67,435</u>         | <u>436,670</u>       | <u>-</u>      | <u>118,694</u>            | <u>39,172</u>             | <u>38,059</u>             | <u>270,635</u>            | <u>326,634</u>            | <u>267,318</u>            | <u>171,799</u>            | <u>1,736,416</u>    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u>\$ 67,599</u>      | <u>\$ 436,670</u>    | <u>\$ -</u>   | <u>\$ 118,694</u>         | <u>\$ 39,172</u>          | <u>\$ 40,751</u>          | <u>\$ 271,840</u>         | <u>\$ 326,634</u>         | <u>\$ 267,318</u>         | <u>\$ 224,438</u>         | <u>\$ 1,793,116</u> |

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds Year Ended September 30, 2017

|  | Sheriff<br>Commissary | Tax Sale<br>Proceeds | DTRF<br>Admin | 2009<br>Delinquent<br>Tax | 2010<br>Delinquent<br>Tax | 2011<br>Delinquent<br>Tax | 2012<br>Delinquent<br>Tax | 2013<br>Delinquent<br>Tax | 2014<br>Delinquent<br>Tax | 2015<br>Delinquent<br>Tax | Totals              |
|--|-----------------------|----------------------|---------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------|
| <b>OPERATING REVENUES:</b>                     |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Charges for Services                           | \$ 46,097             | \$ 80,346            | \$ -          | \$ -                      | \$ -                      | \$ 3,060                  | \$ 402                    | \$ 330                    | \$ 71,893                 | \$ 64,114                 | \$ 266,242          |
| Interest and Rentals                           | -                     | -                    | -             | 51                        | 127                       | 472                       | 384                       | 225                       | 10,671                    | 70,857                    | 82,787              |
| <b>TOTAL OPERATING REVENUES</b>                | <b>46,097</b>         | <b>80,346</b>        | <b>-</b>      | <b>51</b>                 | <b>127</b>                | <b>3,532</b>              | <b>786</b>                | <b>555</b>                | <b>82,564</b>             | <b>134,971</b>            | <b>349,029</b>      |
| <b>OPERATING EXPENSES:</b>                     |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Supplies                                       | 31,356                | -                    | -             | -                         | -                         | -                         | 18,672                    | -                         | 4,119                     | 60                        | 54,207              |
| Contracted Services                            | -                     | -                    | -             | -                         | -                         | -                         | -                         | -                         | 7,834                     | 39,002                    | 46,836              |
| Other Expenses                                 | -                     | 52,763               | -             | -                         | -                         | -                         | 258                       | -                         | 2,793                     | 3,033                     | 58,847              |
| <b>TOTAL OPERATING EXPENSES</b>                | <b>31,356</b>         | <b>52,763</b>        | <b>-</b>      | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>18,930</b>             | <b>-</b>                  | <b>14,746</b>             | <b>42,095</b>             | <b>159,890</b>      |
| <b>OPERATING INCOME (LOSS)</b>                 | <b>14,741</b>         | <b>27,583</b>        | <b>-</b>      | <b>51</b>                 | <b>127</b>                | <b>3,532</b>              | <b>(18,144)</b>           | <b>555</b>                | <b>67,818</b>             | <b>92,876</b>             | <b>189,139</b>      |
| <b>NON-OPERATING REVENUES (EXPENSES):</b>      |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                     |
| Interest Expense                               | -                     | -                    | -             | -                         | -                         | -                         | -                         | -                         | -                         | (5,068)                   | (5,068)             |
| <b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b> | <b>-</b>              | <b>-</b>             | <b>-</b>      | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>(5,068)</b>            | <b>(5,068)</b>      |
| <b>INCOME (LOSS) BEFORE TRANSFERS</b>          | <b>14,741</b>         | <b>27,583</b>        | <b>-</b>      | <b>51</b>                 | <b>127</b>                | <b>3,532</b>              | <b>(18,144)</b>           | <b>555</b>                | <b>67,818</b>             | <b>87,808</b>             | <b>184,071</b>      |
| Transfers In                                   | -                     | 16,132               | 57,171        | -                         | -                         | -                         | -                         | -                         | -                         | -                         | 73,303              |
| Transfers Out                                  | -                     | (20,000)             | (57,171)      | -                         | -                         | (143,000)                 | -                         | (5,479)                   | (10,653)                  | -                         | (236,303)           |
| <b>NET INCOME (LOSS)</b>                       | <b>14,741</b>         | <b>23,715</b>        | <b>-</b>      | <b>51</b>                 | <b>127</b>                | <b>(139,468)</b>          | <b>(18,144)</b>           | <b>(4,924)</b>            | <b>57,165</b>             | <b>87,808</b>             | <b>21,071</b>       |
| <b>NET POSITION, OCTOBER 1</b>                 | <b>52,694</b>         | <b>412,955</b>       | <b>-</b>      | <b>118,643</b>            | <b>39,045</b>             | <b>177,527</b>            | <b>288,779</b>            | <b>331,558</b>            | <b>210,153</b>            | <b>83,991</b>             | <b>1,715,345</b>    |
| <b>NET POSITION, SEPTEMBER 30</b>              | <b>\$ 67,435</b>      | <b>\$ 436,670</b>    | <b>\$ -</b>   | <b>\$ 118,694</b>         | <b>\$ 39,172</b>          | <b>\$ 38,059</b>          | <b>\$ 270,635</b>         | <b>\$ 326,634</b>         | <b>\$ 267,318</b>         | <b>\$ 171,799</b>         | <b>\$ 1,736,416</b> |

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended September 30, 2017**

|   | Sheriff<br>Commissary | Tax Sale<br>Proceeds | DTRF<br>Admin | 2009<br>Delinquent<br>Tax | 2010<br>Delinquent<br>Tax | 2011<br>Delinquent<br>Tax | 2012<br>Delinquent<br>Tax | 2013<br>Delinquent<br>Tax | 2014<br>Delinquent<br>Tax | 2015<br>Delinquent<br>Tax | Totals            |
|---|-----------------------|----------------------|---------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------|
| <b>Cash Flows from Operating Activities:</b>                    |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| Receipts from Customers   | \$ 61,815             | \$ 79,184            | \$ -          | \$ 704                    | \$ 1,399                  | \$ 3,894                  | \$ 1,172                  | \$ 4,596                  | \$ 278,919                | \$ 703,396                | \$ 1,135,079      |
| Payments to Suppliers   | (31,414)              | (52,763)             | -             | -                         | -                         | -                         | (19,115)                  | (2,458)                   | (16,736)                  | (44,772)                  | (167,258)         |
| Internal Activity - Payments/Receipts with Other Funds          | -                     | (34,000)             | -             | (73,197)                  | (37,263)                  | 138,258                   | 14,000                    | 1,000                     | (256,000)                 | 51,000                    | (196,202)         |
| <b>Net Cash Provided (Used) by Operating Activities</b>         | <b>30,401</b>         | <b>(7,579)</b>       | <b>-</b>      | <b>(72,493)</b>           | <b>(35,864)</b>           | <b>142,152</b>            | <b>(3,943)</b>            | <b>3,138</b>              | <b>6,183</b>              | <b>709,624</b>            | <b>771,619</b>    |
| <b>Cash Flows from Capital Financing Activities:</b>            |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| Interest Payments   | -                     | -                    | -             | -                         | -                         | -                         | -                         | -                         | -                         | (5,068)                   | (5,068)           |
| Principal Payments  | -                     | -                    | -             | -                         | -                         | -                         | -                         | -                         | -                         | (775,000)                 | (775,000)         |
| <b>Net Cash Provided (Used) by Capital Financing Activities</b> | <b>-</b>              | <b>-</b>             | <b>-</b>      | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>-</b>                  | <b>(780,068)</b>          | <b>(780,068)</b>  |
| <b>Cash Flows from Noncapital Financing Activities:</b>         |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| Transfers In  | -                     | 16,132               | 57,171        | -                         | -                         | -                         | -                         | -                         | -                         | -                         | 73,303            |
| Transfers Out   | -                     | (20,000)             | (57,171)      | -                         | -                         | (143,000)                 | -                         | (5,479)                   | (10,653)                  | -                         | (236,303)         |
| <b>Cash Provided (Used) by Noncapital Financing Activities</b>  | <b>-</b>              | <b>(3,868)</b>       | <b>-</b>      | <b>-</b>                  | <b>-</b>                  | <b>(143,000)</b>          | <b>-</b>                  | <b>(5,479)</b>            | <b>(10,653)</b>           | <b>-</b>                  | <b>(163,000)</b>  |
| Net Increase in Cash and Equivalents                            | 30,401                | (11,447)             | -             | (72,493)                  | (35,864)                  | (848)                     | (3,943)                   | (2,341)                   | (4,470)                   | (70,444)                  | (171,449)         |
| Cash and Equivalents - Beginning of Year                        | 37,198                | 12,955               | -             | 75,627                    | 38,141                    | 848                       | 3,943                     | 3,735                     | 7,240                     | 71,263                    | 250,950           |
| <b>Cash and Equivalents - End of Year</b>                       | <b>\$ 67,599</b>      | <b>\$ 1,508</b>      | <b>\$ -</b>   | <b>\$ 3,134</b>           | <b>\$ 2,277</b>           | <b>\$ -</b>               | <b>\$ -</b>               | <b>\$ 1,394</b>           | <b>\$ 2,770</b>           | <b>\$ 819</b>             | <b>\$ 79,501</b>  |
| <b>Reconciliation of Operating Income (Loss) to</b>             |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| <b>Net Cash Provided (Used) by Operating Activities:</b>        |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| Operating Income (Loss)   | \$ 14,741             | \$ 27,583            | \$ -          | \$ 51                     | \$ 127                    | \$ 3,532                  | \$ (18,144)               | \$ 555                    | \$ 67,818                 | \$ 92,876                 | \$ 189,139        |
| Decrease (Increase) in Assets:                                  |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| Taxes Receivable  | -                     | -                    | -             | -                         | (101)                     | 362                       | 386                       | 501                       | 152,101                   | 574,549                   | 727,798           |
| Interest Receivable   | -                     | -                    | -             | (50)                      | (130)                     | -                         | -                         | (164)                     | 41,827                    | 4,888                     | 46,371            |
| Due from Others   | 15,718                | (1,162)              | -             | 703                       | 1,503                     | -                         | -                         | 3,704                     | 2,427                     | (11,012)                  | 11,881            |
| Due from Other Funds  | -                     | (34,000)             | -             | (70,000)                  | (36,000)                  | 140,000                   | 14,000                    | 1,000                     | (256,000)                 | -                         | (241,000)         |
| Increase (Decrease) in Liabilities:                             |                       |                      |               |                           |                           |                           |                           |                           |                           |                           |                   |
| Accounts Payable  | (58)                  | -                    | -             | -                         | -                         | -                         | 1,205                     | -                         | (220)                     | 76                        | 1,003             |
| Due to Other Funds  | -                     | -                    | -             | -                         | -                         | -                         | -                         | -                         | -                         | 51,000                    | 51,000            |
| Due to Governmental Units                                       | -                     | -                    | -             | (3,197)                   | (1,263)                   | (1,742)                   | (1,390)                   | (2,458)                   | (1,770)                   | (2,753)                   | (14,573)          |
| <b>Net Cash Provided (Used) by Operating Activities</b>         | <b>\$ 30,401</b>      | <b>\$ (7,579)</b>    | <b>\$ -</b>   | <b>\$ (72,493)</b>        | <b>\$ (35,864)</b>        | <b>\$ 142,152</b>         | <b>\$ (3,943)</b>         | <b>\$ 3,138</b>           | <b>\$ 6,183</b>           | <b>\$ 709,624</b>         | <b>\$ 771,619</b> |

**County of Crawford, Michigan**

**Combining Agency Funds  
For the Year Ended September 30, 2017**

|                                     | Agency Funds               |                             |                         |                            |                          |                               |                          | Totals                     |
|-------------------------------------|----------------------------|-----------------------------|-------------------------|----------------------------|--------------------------|-------------------------------|--------------------------|----------------------------|
|                                     | Trust and<br>Agency        | Transportation<br>Authority | Penal Fines             | Sheriff<br>Inmate<br>Trust | Short Term<br>Disability | Employees<br>Flex<br>Spending | Retirement<br>Health     |                            |
| <b>ASSETS:</b>                      |                            |                             |                         |                            |                          |                               |                          |                            |
| Cash and Equivalents - Unrestricted | \$ 1,442,015               | \$ 179,513                  | \$ 32,198               | \$ 18,656                  | \$ 5,341                 | \$ 160                        | \$ 100,998               | \$ 1,778,881               |
| Taxes Receivable                    | -                          | 1,666                       | -                       | -                          | -                        | -                             | -                        | 1,666                      |
| <b>TOTAL ASSETS</b>                 | <b><u>\$ 1,442,015</u></b> | <b><u>\$ 181,179</u></b>    | <b><u>\$ 32,198</u></b> | <b><u>\$ 18,656</u></b>    | <b><u>\$ 5,341</u></b>   | <b><u>\$ 160</u></b>          | <b><u>\$ 100,998</u></b> | <b><u>\$ 1,780,547</u></b> |
| <b>LIABILITIES:</b>                 |                            |                             |                         |                            |                          |                               |                          |                            |
| Accounts Payable                    | \$ 218,750                 | \$ -                        | \$ -                    | \$ -                       | \$ 5,341                 | \$ -                          | \$ -                     | \$ 224,091                 |
| Due to Others                       | 18,631                     | -                           | -                       | 18,656                     | -                        | 160                           | 100,998                  | 138,445                    |
| Due to Other Governmental Units     | 1,204,634                  | 181,179                     | 32,198                  | -                          | -                        | -                             | -                        | 1,418,011                  |
| <b>TOTAL LIABILITIES</b>            | <b><u>\$ 1,442,015</u></b> | <b><u>\$ 181,179</u></b>    | <b><u>\$ 32,198</u></b> | <b><u>\$ 18,656</u></b>    | <b><u>\$ 5,341</u></b>   | <b><u>\$ 160</u></b>          | <b><u>\$ 100,998</u></b> | <b><u>\$ 1,780,547</u></b> |

## **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

**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, 2017, 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 20, 2018. Our report includes a reference to other auditors who audited the financial statements of the Crawford County Road Commission, as described in our 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. 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 2017-001.

### **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 20, 2018



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

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**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, 2017. 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 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, 2017.

**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 20, 2018

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>  | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|--|------------------------------------|--|---------------------------------|
| <b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>   |                                    |  |                                 |
| ADMINISTRATION ON AGING:   |                                    |  |                                 |
| Pass-through from the State of Michigan and the North<br>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 IIIIC Congregate Nutrition   | 93.045                             | N/A  | 11,264                          |
| Title IIIICII Home Delivered Nutrition   | 93.045                             | N/A  | 29,246                          |
| Title IIIIE EST  | 93.052                             | N/A  | 2,000                           |
| Title IIIIE - Respite  | 93.052                             | N/A  | 18,424                          |
| Title IIIIE - Grand Parent   | 93.052                             | N/A  | 2,400                           |
| NSIP Title IIIIC   | 93.053                             | N/A  | 8,156                           |
| NSIP Title IIIICII   | 93.053                             | N/A  | 21,561                          |
| Waiver-Medicaid  | 93.778                             | N/A  | 8,742                           |
| Total Pass-through from the State of Michigan and the North<br>East Michigan Community Services Agency, Inc. |                                    |  | <u>122,293</u>                  |
| ADMINISTRATION FOR CHILDREN AND FAMILIES:  |                                    |  |                                 |
| Pass-through from the State of Michigan Department<br>of Human Services:                                     |                                    |  |                                 |
| Prosecuting Attorney - Child Support   | 93.563                             | CS/PA-13-20002                               | 7,111                           |
| Friend of the Court - Incentive  | 93.563                             | N/A  | 23,032                          |
| Friend of the Court - Child Support  | 93.563                             | CS/FOC-13-20001                              | 209,842                         |
| Total Pass-through from the State of Michigan Department<br>of Human Services                                |                                    |  | <u>239,985</u>                  |
| Total U.S. Department of Health & Human Services   |                                    |  | <u>362,278</u>                  |
| <b>U.S. DEPARTMENT OF AGRICULTURE:</b>   |                                    |  |                                 |
| <i>Direct Awards:</i>  |                                    |  |                                 |
| Rural Development  | 10.433                             | HGP 2016-2017                                | <u>3,443</u>                    |
| Pass-through from the Michigan Department of<br>Natural Resources:   |                                    |  |                                 |
| Bankhead Jones   | 10.665                             | N/A  | 6,533                           |
| Distributions to Schools and Roads   | 10.665                             | N/A  | 36,989                          |
| Total Pass-through from the Michigan Department of<br>Natural Resources                                      |                                    |  | <u>43,522</u>                   |
| Total U.S. Department of Agriculture   |                                    |  | <u>46,965</u>                   |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>   |                                    |  |                                 |
| Pass-through from MSHDA:   |                                    |  |                                 |
| CDBG Housing Grant Program   | 14.228                             | MSC-2013-0214-HOA                            | <u>28,384</u>                   |
| <b>U.S. DEPARTMENT OF JUSTICE:</b>   |                                    |  |                                 |
| Pass-through from the Michigan Department<br>of State Police   |                                    |  |                                 |
| Vests  | 16.607                             | N/A  | <u>2,915</u>                    |
| <b>U.S. DEPARTMENT OF TRANSPORTATION:</b>  |                                    |  |                                 |
| Pass-through from the State Court Administrative Office<br>SCAO OHSP Grant Program                           |                                    |  |                                 |
|  | 20.601                             | N/A  | <u>248,570</u>                  |
| Pass-through from the Michigan Department of<br>Transportation:  |                                    |  |                                 |
| State Administered Projects  | 20.205                             | N/A  | <u>144,108</u>                  |
| Total U.S. Department of Transportation  |                                    |  | <u>392,678</u>                  |

See accompanying notes to schedule of expenditures of federal awards.

**Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2017**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>   | <u>Federal<br/>CFDA<br/>Number</u> | <u>Agency or<br/>Pass-Through<br/>Number</u> | <u>Federal<br/>Expenditures</u> |
|---|------------------------------------|--|---------------------------------|
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>  |                                    |  |                                 |
| Pass-through from the Michigan Department of<br>State Police, Emergency Management Division:      |                                    |  |                                 |
| 2015 State Homeland Security Grant  | 97.067                             | N/A  | 141,759                         |
| Emergency Management Performance Grant (EMPG)   | 97.042                             | EMW-2015-EP-00044-S01                        | <u>2,514</u>                    |
| Total Pass-through from the Michigan Department of<br>State Police, Emergency Management Division |                                    |  | <u>144,273</u>                  |
| Pass-through from the Michigan Department of<br>Natural Resources:                                |                                    |  |                                 |
| Marine Safety   | 97.012                             | MS 2017                                      | <u>12,400</u>                   |
| Total U.S. Department of Homeland Security  |                                    |  | <u>156,673</u>                  |
| TOTAL EXPENDITURES OF FEDERAL AWARDS  |                                    |  | <u><u>\$ 989,893</u></u>        |

See accompanying notes to schedule of expenditures of federal awards.

**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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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. For purposes of charging indirect costs to federal awards, the Organization has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

**NOTE B - COGNIZANT AGENCY**

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Agriculture which provided the greatest amount of direct federal funding to the County during 2017.

**NOTE C - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At September 30, 2017, the County had a food commodity inventory totaling \$5,911.

**NOTE D - FEDERAL GRANTS**

The Michigan Department of Transportation (MDOT) requires that Road Commissions report all Federal and State grants pertaining to their county. During the year ended September 30, 2017, the Federal aid received and expended by the Road Commission was \$144,108 for contracted projects and \$0 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 E - RECONCILIATION TO STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**

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

|   |                   |
|---|-------------------|
| Total Federal per Financial Statements  |                   |
| Revenues – Governmental Funds   | \$ 845,785        |
| Add: Component Unit Expenditures  | <u>144,108</u>    |
| Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards | <u>\$ 989,893</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**

| <b><u>CFDA NUMBERS</u></b>   | <b><u>Name of Federal Program or Cluster</u></b> |
|--|--|
| 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

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**Significant Deficiency**

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

***Finding 2017-001***

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

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NONE.



**NONE.**

## **Additional Information**

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COUNTY OF CRAWFORD, MICHIGAN

ADDITIONAL INFORMATION

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**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

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

Our report on our audit of the basic financial statements of the County of Crawford, Michigan, as of and for the year ended September 30, 2017, 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 20, 2018

**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, 2017, 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>2017<br/>Taxable Valuation</u> |
|--|-----------------------------------|
| Consumer Energy                            | \$ 9,031,795                      |
| Grayling Generating                        | 8,525,417                         |
| State of Michigan                          | 8,098,592                         |
| Weyerhaeuser                               | 6,630,550                         |
| Breitburn Operating                        | 5,509,001                         |
| Great Lakes Energy                         | 4,794,150                         |
| Enbridge                                   | 4,345,900                         |
| DTE  | 3,631,987                         |
| Linn Operating                             | 2,695,865                         |
| Forest Dunes                               | <u>2,345,273</u>                  |
| <br>TOTAL (represents 10.4% Total 2017 TV) | <br><u>\$ 55,608,530</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             | 09-30-18               |
| 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, 2016 was \$582,630 and was \$47,850 for the fiscal year ended September 30, 2017.

F. COUNTY TAX RATES & LEVIES:

|                         | <u>2017</u>    | <u>2016</u>    | <u>2015</u>    | <u>2014</u>    | <u>2013</u>    |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| County Operating        | 6.0925         | 6.0925         | 6.0925         | 6.0925         | 6.0925         |
| Commission on Aging     | 1.0000         | 1.0000         | .7185          | .7185          | .7185          |
| Rec. Authority          | .4845          | .4845          | .4845          | .4845          | .4845          |
| Public Transit          | .7027          | .7027          | .7027          | .7027          | .7027          |
| Library - Debt          | -              | -              | -              | .0690          | .2100          |
| Library – Operating     | .4458          | .4458          | .4458          | .4458          | .4458          |
| Sheriff – Operating     | .8917          | .8917          | .8917          | .8917          | .8917          |
| Veterans Office         | .2500          | .2500          | .2500          | .2500          | -              |
| Animal Shelter          | -              | -              | -              | .6300          | -              |
| Road Commission         | <u>1.000</u>   | <u>1.0000</u>  | <u>1.0000</u>  | <u>1.0000</u>  | <u>1.0000</u>  |
| TOTAL COUNTY            | <u>10.8672</u> | <u>10.8672</u> | <u>10.5857</u> | <u>11.2847</u> | <u>10.5457</u> |
| COOR I/S/D              | .8859          | .8859          | .8859          | .8859          | .8859          |
| Kirtland Comm. Coll.    | <u>2.2293</u>  | <u>2.2293</u>  | <u>2.2293</u>  | <u>2.2293</u>  | <u>2.2193</u>  |
| TOTAL ALL JURISDICTIONS | <u>13.9824</u> | <u>13.9824</u> | <u>13.7009</u> | <u>14.3999</u> | <u>13.6509</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<br>Of Year Following the Levy |        | Coll. Plus<br>Funding to<br>3 - 1 – 12 |
|------|---------------|--|--------|--|
|      |               | Amount**   | %      |  |
| 2017 | \$ 21,473,626 | \$ 19,950,969                                      | 93.00% | 100%                                   |
| 2016 | 21,108,522    | 19,208,755   | 91.00  | 100                                    |
| 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                                    |

\*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<br>(50% of True Value) |    |             |                     |
|--|----|-------------|---------------------|
| 2017   | \$ | 641,996,540 | As of March 1, 2018 |
| 2016   | -  | 611,834,779 |                     |
| 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:

|      |    |             |                                |
|------|----|-------------|--------------------------------|
| 2017 | \$ | 532,846,522 | As of March 1, 2018            |
| 2016 |    | 525,054,092 |                                |
| 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 (2017) \$37,307 |

2017 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> |

2017 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>2017</u>         | <u>2016</u>      | <u>2015</u>      | <u>2014</u>      |
| Revenues & Transfers In      | \$ 5,618,939        | \$ 5,521,051     | \$ 5,443,647     | \$ 5,473,251     |
| Expenditures & Transfers Out | <u>5,573,660</u>    | <u>5,494,896</u> | <u>5,411,480</u> | <u>5,464,083</u> |
| Revenues Over (Under)        |                     |                  |                  |                  |
| Expenditures                 | 45,279              | 26,155           | 32,167           | 9,168            |
| Beginning Balance            | 780,824             | 754,669          | 722,502          | 713,334          |
| Ending Balance               | 826,103             | 780,824          | 754,669          | 722,502          |



**K. DIRECT DEBT OF COUNTY:**

| DIRECT DEBT OF COUNTY:    | <u>Gross</u>        | Self-Supporting<br>Or Portion Paid<br>Directly by<br>Benefited<br><u>Municipalities</u> | <u>Net</u>          |
|---------------------------|---------------------|---|---------------------|
| Capital Improvement Bonds | \$ 815,000          | \$ -  | \$ 815,000          |
| GOUT Bonds                | <u>6,755,000</u>    | <u>-</u>  | <u>6,755,000</u>    |
|                           | <u>\$ 7,570,000</u> | <u>\$ -</u>   | <u>\$ 7,570,000</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             | \$ 537.87 |
| Percent County Net Direct Debt to 2017 TV | 1.42%     |

**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>\$ 29,192,779</u> |

|  |             |
|--|-------------|
| Per capita County Net Direct and Overlapping Debt  | \$ 2,074.23 |
| Percent Net Direct and Overlapping Debt to 2017 TV | 5.48%       |

Source: Crawford County and Municipal Advisory Council of Michigan.

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

(Including this Issue)

| <u>Year</u>  | Capital<br>Improvement<br><u>Bonds</u> | Pension<br><u>Bonds</u>    | <u>Total</u>               |
|--------------|--|----------------------------|----------------------------|
| 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                    |
| <b>TOTAL</b> | <b><u>\$ 815,000</u></b>               | <b><u>\$ 6,755,000</u></b> | <b><u>\$ 7,570,000</u></b> |



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

**KINROSS OFFICE**

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

PHILLIP J. WOLF, CPA

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

**MEMBER MACPA**

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

**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, 2017, and have issued our report thereon dated March 20, 2018. 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 5, 2017, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 5, 2017.

### **Significant Accounting Policies**

#### ***Qualitative Aspects of Accounting Practices***

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

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statements disclosures are neutral, consistent and clear.

***Difficulties Encountered in Performing the Audit***

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

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. 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 20, 2018.

***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***

### **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 Postemployment Benefits**

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

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

### **Single Approach for Reporting Leases**

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

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

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

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

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

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

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

The full text of Statement 87 is available on the GASB website, [www.gasb.org](http://www.gasb.org).

### **Other Matters**

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

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

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 20, 2018