

County of Crawford, Michigan

BASIC FINANCIAL STATEMENTS

September 30, 2018

COUNTY OF CRAWFORD, MICHIGAN

ORGANIZATION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the County of Crawford, Michigan, as of and for the year ending September 30, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefit systems and budgetary comparison schedules on pages 4 through 9, pages 50 through 52, and pages 53 through 56 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 14, 2019 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 effectiveness of the County of Crawford, Michigan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Crawford, Michigan's internal control over financial reporting and compliance



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

March 14, 2019

Management's Discussion and Analysis

As management of Crawford County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of financial activities of Crawford County for the fiscal year that ended September 30, 2018.

Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$4,006,475. Of this amount, \$631,744 is restricted.
- The total net position of the County increased by \$30,851. Net position of our governmental activities increased by \$15,159 while net position of our business-type activities increased by \$15,692.
- During the year, the County had expenses for governmental activities that were \$11,213,860 and expenses for business-type activities that were \$223,429.

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 19-49 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 50-56 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 57-75 of this report.

In a condensed format, the table below shows the net position of Crawford County as of September 30, 2017 and 2018.

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current Assets	\$ 4,755,841	\$ 5,591,361	\$ 3,329,117	\$ 3,394,124	\$ 8,084,958	\$ 8,985,485
Capital Assets	7,580,611	7,713,196	-	-	7,580,611	7,713,196
Total Assets	12,336,452	13,304,557	3,329,117	3,394,124	15,665,569	16,698,681
Deferred Outflows of Resources	270,151	136,714	-	-	270,151	136,714
Current Liabilities	889,070	986,170	705,523	754,838	1,594,593	1,741,008
Noncurrent Liabilities	9,787,162	9,528,863	-	-	9,787,162	9,528,863
Total Liabilities	10,676,232	10,515,033	705,523	754,838	11,381,755	11,269,871
Deferred Inflows of Resources	252,039	1,559,049	-	-	252,039	1,559,049
Net Position						
Net Investment in						
Capital Assets	6,765,611	7,273,196	-	-	6,765,611	7,273,196
Restricted	668,146	671,574	-	-	668,146	671,574
Unrestricted	(5,755,425)	(6,577,581)	2,623,594	2,639,286	(3,131,831)	(3,938,295)
Total Net Position	\$ 1,678,332	\$ 1,367,189	\$ 2,623,594	\$ 2,639,286	\$ 4,301,926	\$ 4,006,475

The current level of unrestricted net position for our governmental activities stands at (\$6,577,581).

Net position of the governmental activities decreased 18%. Net position of the business – type activities increased .6%.

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Program Revenues						
Charges for Services	\$ 2,288,986	\$ 2,820,831	\$ 463,644	\$ 486,517	\$ 2,752,630	\$ 3,307,348
Operating Grants and Contributions	2,409,569	2,850,569	-	-	2,409,569	2,850,569
General Revenues						
Property Taxes	5,081,808	4,994,091	-	-	5,081,808	4,994,091
Federal, State, Local - General	210,530	-	-	-	210,530	-
Investment Earnings	28,435	25,497	6,262	8,448	34,697	33,945
Revenue Sharing	323,948	327,187	-	-	323,948	327,187
Gain/(Loss) on Equipment Disposal	-	(45,000)	-	-	-	(45,000)
Transfers	220,171	255,844	(220,171)	(255,844)	-	-
Total Revenues	10,563,447	11,229,019	249,735	239,121	10,813,182	11,468,140
Program Expenses						
Legislative	124,951	128,558	-	-	124,951	128,558
Judicial	1,872,245	1,644,464	-	-	1,872,245	1,644,464
General Government	1,859,456	1,809,886	-	-	1,859,456	1,809,886
Public Safety	4,416,055	4,233,325	-	-	4,416,055	4,233,325
Health and Welfare	2,311,796	2,205,684	-	-	2,311,796	2,205,684
Community/Economic Development	854	2,761	-	-	854	2,761
Recreation and Culture	500,984	562,931	-	-	500,984	562,931
Interest Expense - Unallocated	56,650	236,850	-	-	56,650	236,850
Other Expenses	118,180	389,401	-	-	118,180	389,401
Sheriff Commissary	-	-	31,356	41,091	31,356	41,091
Tax Collection	-	-	164,331	182,338	164,331	182,338
Total Expenses	11,261,171	11,213,860	195,687	223,429	11,456,858	11,437,289
Changes in Net Position	(697,724)	15,159	54,048	15,692	(643,676)	30,851
Net Position - Beginning	2,376,056	1,678,332	2,569,546	2,623,594	4,945,602	4,301,926
Restatement - See Note	-	(326,302)	-	-	-	(326,302)
Net Position - Ending	\$ 1,678,332	\$ 1,367,189	\$ 2,623,594	\$ 2,639,286	\$ 4,301,926	\$ 4,006,475

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 2018 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 2018. As to the revenues, the General Fund received an additional \$ 143,627. The additional revenue was fairly equally distributed throughout the revenue activities. Crawford County did see an increase in property tax dollars and the PILT's from the state and federal governments. However, due to the state's restructuring of personal property tax reimbursement, we forfeited the bulk of our reimbursement that will be realized in the FY 2019 budget. General tax revenue showed an increase of 1.05% which is still significantly lower than ten years ago but is moving in a positive direction. On the expense side, once again, transfers out experienced a significant increase, predominantly due to costs associated with the Child Care Fund. The County saw an 17.8% increase in Child Care Fund expenses in 2018. Another area that shows a significant increase to the previous year is the Medical Examiner costs which saw an increase of 47.8% of the previous year.

Capital Assets

The County's investment in capital assets for its governmental activities as of September 30, 2018, amounted to \$4,713,196 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, equipment and vehicles. The total increase in the County's investment in capital assets for the current fiscal year was \$132,585.

Major capital asset events during the current fiscal year include

- Purchases of vehicles of \$45,121.
- Land acquisition \$300,000
- Purchases of equipment of \$34,575.

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 \$9,983,863. Of this amount \$7,195,000 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 and OPEB obligations.

The County reduced its debt by \$375,000 in principal payments and has debt of \$750,000 in tax anticipation notes.

Additional information on the County's long-term debt can be found in note 6 on pages 31-33 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 difficult economic times 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 \$ 38,675,279 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

County of Crawford, Michigan

Statement of Net Position September 30, 2018

	Primary Government			Road
	Governmental Activities	Business-type Activities	Total	Commission Component Unit
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 2,395,268	\$ 789,285	\$ 3,184,553	\$ 2,770,410
Receivables:				
Accounts	383,900	-	383,900	13,854
Grants	227,134	-	227,134	705,793
Taxes	1,511,669	890,534	2,402,203	-
Interest	-	135,579	135,579	-
Notes	1,451,059	-	1,451,059	-
Prepaid Items	36,553	-	36,553	115,085
Inventory	19,277	-	19,277	325,792
Internal Loans	(1,573,000)	1,573,000	-	-
Other Assets	-	5,726	5,726	-
Net Pension Asset	1,139,501	-	1,139,501	-
Capital Assets (Not Depreciated)	5,185,000	-	5,185,000	774,060
Capital Assets (Net of Accumulated Depreciation)	2,528,196	-	2,528,196	16,320,644
TOTAL ASSETS	13,304,557	3,394,124	16,698,681	21,025,638
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB items	136,714	-	136,714	594,781
LIABILITIES:				
Accounts Payable	196,102	4,576	200,678	162,126
Accrued Liabilities	219,826	-	219,826	78,352
Accrued Interest Payable	30,756	-	30,756	-
Advances from State	-	-	-	305,249
Due to Other Governmental Units	-	262	262	14,563
Unearned Revenue	84,486	-	84,486	-
Notes Payable - Due within one year	-	750,000	750,000	119,024
Bonds Payable - Due within one year	455,000	-	455,000	893,004
Bonds Payable - Due in more than one year	6,740,000	-	6,740,000	-
Net Pension Liability - Due in more than one year	-	-	-	5,681,435
Vested Employee Benefits - Due within one year	-	-	-	9,715
Vested Employee Benefits - Due in more than one year	126,724	-	126,724	222,798
OPEB - Due in more than one year	2,662,139	-	2,662,139	1,272,647
TOTAL LIABILITIES	10,515,033	754,838	11,269,871	8,758,913
DEFERRED INFLOWS OF RESOURCES				
Pension and OPEB items	1,559,049	-	1,559,049	114,419
NET POSITION:				
Net Investment in Capital Assets	7,273,196	-	7,273,196	16,082,676
Restricted (Deficit)	671,574	-	671,574	-
Unrestricted	(6,577,581)	2,639,286	(3,938,295)	(3,335,589)
TOTAL NET POSITION	\$ 1,367,189	\$ 2,639,286	\$ 4,006,475	\$ 12,747,087

See accompanying notes to financial statements.

County of Crawford, Michigan

Statement of Activities Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Road
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Commission
					Governmental Activities	Business-type Activities	Total	Component Unit
Primary Government:								
Governmental Activities:								
Legislative	\$ 128,558	\$ -	\$ -	\$ -	\$ (128,558)	\$ -	\$ (128,558)	\$ -
Judicial	1,644,464	802,597	524,788	-	(317,079)	-	(317,079)	-
General Government	1,809,886	1,093,106	612,116	-	(104,664)	-	(104,664)	-
Public Safety	4,233,325	618,622	689,836	-	(2,924,867)	-	(2,924,867)	-
Health and Welfare	2,205,684	250,424	818,132	-	(1,137,128)	-	(1,137,128)	-
Community/Economic Development	2,761	9,478	-	-	6,717	-	6,717	-
Recreation and Culture	562,931	46,604	205,697	-	(310,630)	-	(310,630)	-
Interest Expense - Unallocated	236,850	-	-	-	(236,850)	-	(236,850)	-
Other Expenses	389,401	-	-	-	(389,401)	-	(389,401)	-
Total Governmental Activities	11,213,860	2,820,831	2,850,569	-	(5,542,460)	-	(5,542,460)	-
Business-type Activities:								
Sheriff Commissary	41,091	45,056	-	-	-	3,965	3,965	-
Tax Collection	182,338	441,461	-	-	-	259,123	259,123	-
Total Business-type Activities	223,429	486,517	-	-	-	263,088	263,088	-
Total Primary Government	\$ 11,437,289	\$ 3,307,348	\$ 2,850,569	\$ -	(5,542,460)	263,088	(5,279,372)	-
Component Unit:								
Road Commission	\$ 5,632,712	\$ 1,890,468	\$ 3,736,478	\$ 424,087				418,321
Total Component Unit	5,632,712	1,890,468	3,736,478	424,087				418,321
Total	\$ 17,070,001	\$ 5,197,816	\$ 6,587,047	\$ 424,087				
General Revenues and Transfers:								
Taxes - Real Property					4,994,091	-	4,994,091	588,292
Investment Earnings					25,497	8,448	33,945	10,883
Revenue Sharing					327,187	-	327,187	-
Gain (Loss) on Equipment Disposal					(45,000)	-	(45,000)	149,934
Transfers					255,844	(255,844)	-	-
Total General Revenues and Transfers					5,557,619	(247,396)	5,310,223	749,109
Change in Net Position					15,159	15,692	30,851	1,167,430
Net Position - Beginning					1,678,332	2,623,594	4,301,926	12,824,394
Restatement - See Note					(326,302)	-	(326,302)	(1,244,737)
Net Position - Ending					<u>\$ 1,367,189</u>	<u>\$ 2,639,286</u>	<u>\$ 4,006,475</u>	<u>\$ 12,747,087</u>

See accompanying notes to financial statements.

County of Crawford, Michigan

Balance Sheet Governmental Funds September 30, 2018

	General	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and Equivalents - Unrestricted	\$ 329,618	\$ 507,103	\$ 104,600	\$ 1,450,599	\$ 2,391,920
Receivables:					
Accounts	181,700	-	-	202,200	383,900
Grants	-	-	-	227,134	227,134
Taxes	1,507,286	823	-	3,560	1,511,669
Notes	-	-	1,349,734	101,325	1,451,059
Inventory	-	-	-	19,277	19,277
Prepaid Items	34,716	-	-	1,837	36,553
TOTAL ASSETS	\$ 2,053,320	\$ 507,926	\$ 1,454,334	\$ 2,005,932	\$ 6,021,512
LIABILITIES:					
Accounts Payable	\$ 75,123	\$ 32,692	\$ 692	\$ 87,257	\$ 195,764
Accrued Liabilities	118,960	10,586	1,948	88,332	219,826
Due to Other Funds	1,133,000	-	-	440,000	1,573,000
Unearned Revenue	1,394	75,301	-	7,791	84,486
TOTAL LIABILITIES	1,328,477	118,579	2,640	623,380	2,073,076
DEFERRED INFLOWS OF RESOURCES:					
Unavailable Revenue - Loans	-	-	1,349,734	101,325	1,451,059
FUND BALANCES:					
Nonspendable	34,716	-	-	21,114	55,830
Restricted	-	-	101,960	569,614	671,574
Committed	109,744	389,347	-	309,083	808,174
Assigned	-	-	-	381,416	381,416
Unassigned	580,383	-	-	-	580,383
TOTAL FUND BALANCES	724,843	389,347	101,960	1,281,227	2,497,377
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 2,053,320	\$ 507,926	\$ 1,454,334	\$ 2,005,932	

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

Capital assets used by governmental activities	7,713,196
Deferred outflows/inflows	(1,422,335)
Long-term bonds payable for governmental activities	(7,195,000)
Other post employment benefit liability	(2,662,139)
Net pension liability	1,139,501
Compensated absences liability	(126,724)
Internal service funds activity	3,010
Deferred revenue recognized as current revenue	1,451,059
Accrued interest expense	(30,756)
Net position of governmental activities	\$ 1,367,189

County of Crawford, Michigan

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2018

	General	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 3,489,062	\$ 240,521	\$ -	\$ 1,264,508	\$ 4,994,091
Licenses and Permits	22,000	-	-	141,663	163,663
Federal Sources	68,046	-	126,332	974,746	1,169,124
State Sources	584,615	5,300	-	1,144,550	1,734,465
Local Sources	-	200,397	5,000	336,129	541,526
Charges for Services	1,130,132	6,222	4,069	660,950	1,801,373
Interest and Rentals	11,362	3,800	5,001	5,334	25,497
Other Revenues	176,000	27,430	74,926	577,439	855,795
TOTAL REVENUES	5,481,217	483,670	215,328	5,105,319	11,285,534
EXPENDITURES:					
Legislative	128,558	-	-	-	128,558
Judicial	1,011,067	-	-	729,294	1,740,361
General Government	1,383,330	-	-	437,229	1,820,559
Public Safety	2,500,109	-	-	1,344,348	3,844,457
Health and Welfare	148,551	-	198,241	2,179,236	2,526,028
Recreation and Cultural	-	521,541	-	9,584	531,125
Community/Economic Development	-	-	-	2,761	2,761
Debt Service	-	-	-	619,865	619,865
Capital Outlay	11,397	-	-	264,074	275,471
Other Expenditures	113,930	-	-	-	113,930
TOTAL EXPENDITURES	5,296,942	521,541	198,241	5,586,391	11,603,115
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	184,275	(37,871)	17,087	(481,072)	(317,581)
OTHER FINANCING SOURCES (USES):					
Transfers In	336,532	-	-	884,154	1,220,686
Transfers Out	(622,067)	-	-	(342,775)	(964,842)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(101,260)	(37,871)	17,087	60,307	(61,737)
FUND BALANCES, OCTOBER 1	826,103	427,218	84,873	1,220,920	2,559,114
FUND BALANCES, SEPTEMBER 30	\$ 724,843	\$ 389,347	\$ 101,960	\$ 1,281,227	\$ 2,497,377

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, 2018

Net changes in fund balances - total governmental funds \$ (61,737)

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. (267,359)

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 \$379,696 exceeded depreciation expense of (\$202,111) & loss (\$45,000) in the current period. 132,585

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 375,000

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 (571,329)
Accrued Interest on Bonds 8,015
Vested Employee Benefits (16,960)

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. 416,944

Changes in net position of governmental activities \$ 15,159

**Statement of Net Position
Proprietary Funds
September 30, 2018**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2017 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
ASSETS:					
Cash and Equivalents- Unrestricted	\$ 718,743	\$ 54,952	\$ 15,590	\$ 789,285	\$ 3,348
Receivables:					
Taxes	-	722,970	167,564	890,534	-
Interest	2,112	50,577	82,890	135,579	-
Due from Other Funds	73,005	-	1,535,000	1,608,005	-
Due from Others	-	5,726	-	5,726	-
TOTAL ASSETS	<u>\$ 793,860</u>	<u>\$ 834,225</u>	<u>\$ 1,801,044</u>	<u>\$ 3,429,129</u>	<u>\$ 3,348</u>
LIABILITIES:					
Accounts Payable	\$ 4,500	\$ -	\$ 76	\$ 4,576	\$ 338
Due to Other Funds	-	-	35,005	35,005	-
Due to Other Units	-	-	262	262	-
Notes Payable - Due within one year	-	750,000	-	750,000	-
TOTAL LIABILITIES	<u>4,500</u>	<u>750,000</u>	<u>35,343</u>	<u>789,843</u>	<u>338</u>
NET POSITION:					
Unrestricted	<u>789,360</u>	<u>84,225</u>	<u>1,765,701</u>	<u>2,639,286</u>	<u>3,010</u>
TOTAL NET POSITION	<u>\$ 789,360</u>	<u>\$ 84,225</u>	<u>\$ 1,765,701</u>	<u>\$ 2,639,286</u>	<u>\$ 3,010</u>

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
Year Ended September 30, 2018**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2017 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
OPERATING REVENUES:					
Charges for Services	\$ 67	\$ 30,956	\$ 261,036	\$ 292,059	\$ -
Interest and Rentals	206	76,803	117,449	194,458	-
TOTAL OPERATING REVENUES	273	107,759	378,485	486,517	-
OPERATING EXPENSES:					
Supplies	-	189	66,946	67,135	-
Contracted Services	-	16,055	93,689	109,744	-
Other Expenses	9,701	-	23,504	33,205	-
TOTAL OPERATING EXPENSES	9,701	16,244	184,139	210,084	-
OPERATING INCOME (LOSS)	(9,428)	91,515	194,346	276,433	-
NON-OPERATING REVENUES (EXPENSES):					
Interest on Deposits	8,448	-	-	8,448	-
Interest Expense	-	(7,290)	(6,055)	(13,345)	-
TOTAL NON-OPERATING REVENUES	8,448	(7,290)	(6,055)	(4,897)	-
INCOME (LOSS) BEFORE TRANSFERS	(980)	84,225	188,291	271,536	-
Transfers In	-	-	153,251	153,251	-
Transfers Out	-	-	(409,095)	(409,095)	-
CHANGE IN NET POSITION	(980)	84,225	(67,553)	15,692	-
NET POSITION, OCTOBER 1	790,340	-	1,833,254	2,623,594	3,010
NET POSITION, SEPTEMBER 30	\$ 789,360	\$ 84,225	\$ 1,765,701	\$ 2,639,286	\$ 3,010

**Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2018**

	Enterprise Funds			Totals	Governmental Activities
	Prior Delinquent Tax	2017 Delinquent Tax	Nonmajor Enterprise		Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from Customers	\$ 5,159	\$ 918,790	1,125,642	\$ 2,049,591	\$ -
Payments to Suppliers	(5,201)	(1,606,548)	(186,818)	(1,798,567)	-
Internal Activity - Payments/Receipts with Other Funds	(3,005)	-	(77,687)	(80,692)	-
Net Cash Provided (Used) by Operating Activities	<u>(3,047)</u>	<u>(687,758)</u>	<u>861,137</u>	<u>170,332</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Note Proceeds	-	1,200,000	-	1,200,000	-
Principal Payments	-	(450,000)	(699,814)	(1,149,814)	-
Interest Payments	-	(7,290)	(6,055)	(13,345)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>742,710</u>	<u>(705,869)</u>	<u>36,841</u>	<u>-</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:					
Transfers In	-	-	153,251	153,251	-
Transfers Out	-	-	(409,095)	(409,095)	-
Net Cash Provided (Used) by Non-Capital And Related Financing Activities	<u>-</u>	<u>-</u>	<u>(255,844)</u>	<u>(255,844)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Deposits	8,448	-	-	8,448	-
Net Cash Provided by Investing Activities	<u>8,448</u>	<u>-</u>	<u>-</u>	<u>8,448</u>	<u>-</u>
Net Increase (Decrease) in Cash and Equivalents	5,401	54,952	(100,576)	(40,223)	-
Cash and Equivalents - Beginning of the Year	713,342	-	116,166	829,508	3,348
Cash and Equivalents - End of the Year	<u>\$ 718,743</u>	<u>\$ 54,952</u>	<u>\$ 15,590</u>	<u>\$ 789,285</u>	<u>\$ 3,348</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (9,428)	\$ 91,515	\$ 194,346	\$ 276,433	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Change in Assets and Liabilities:					
(Increase) Decrease in Assets:					
Taxes Receivable	2,104	(722,970)	702,797	(18,069)	-
Interest Receivable	2,782	(50,577)	15,857	(31,938)	-
Other Assets	-	-	-	-	-
Due from Other Units	-	(5,726)	28,503	22,777	-
Due from Other Funds	(3,005)	-	(59,000)	(62,005)	-
Increase (Decrease) in Liabilities:					
Accounts Payable	4,500	-	(1,369)	3,131	-
Due to Other Funds	-	-	(15,995)	(15,995)	-
Due to Other Units	-	-	(4,002)	(4,002)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (3,047)</u>	<u>\$ (687,758)</u>	<u>\$ 861,137</u>	<u>\$ 170,332</u>	<u>\$ -</u>

**Statement of Net Position
Fiduciary Funds
September 30, 2018**

	<u>Agency Funds</u>
ASSETS:	
Cash and Equivalents - Unrestricted	\$ 2,555,638
Taxes Receivable	<u>1,536</u>
 TOTAL ASSETS	 <u><u>\$ 2,557,174</u></u>
 LIABILITIES:	
Accounts Payable	\$ 38,484
Due to Others	173,566
Due to Other Governmental Units	<u>2,345,124</u>
 TOTAL LIABILITIES	 <u><u>\$ 2,557,174</u></u>
 NET POSITION:	
Restricted for Other Post Employment Benefits	

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A – Reporting Entity:

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

Component Units:

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

Blended Component 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 \$101,554 to the District #10 Health Department for the year ended September 30, 2018.

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, 2018.

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

B – Government-Wide and Fund Financial Statements:

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources as needed.

Taxes Receivable – Current or Property Taxes

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

Although the County of Crawford 2017 ad valorem tax is levied and collectible on December 1, 2017, and 2018 ad valorem tax is levied and collectible on July 1, 2018, 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 2017 taxable valuation of the County of Crawford totaled \$534,648,255, 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, 2018 taxable valuation of County of Crawford totaled \$560,315,834, 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)

2017 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 \$808,174 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 Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Cash and Equivalents – Unrestricted	<u>\$ 2,395,268</u>	<u>\$ 789,285</u>	<u>\$ 3,184,553</u>	<u>\$ 2,555,638</u>	<u>\$ 2,770,410</u>
			<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Bank Deposits (checking and savings accounts, certificates of deposit and money markets)		\$ 3,172,556	\$ 2,555,638	\$ 2,770,310	
Petty Cash and Cash on Hand		<u>11,997</u>	<u>-</u>	<u>100</u>	
Total		<u>\$ 3,184,553</u>	<u>\$ 2,555,638</u>	<u>\$ 2,770,410</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, \$4,565,562 of the County's bank balance of \$6,326,223 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 Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 4,930,000	\$ 300,000	\$ (45,000)	\$ 5,185,000
<i>Capital assets being depreciated:</i>				
Buildings and improvements	7,643,506	-	-	7,643,506
Furniture and equipment	425,487	34,575	(168,499)	291,563
Vehicles	438,445	45,121	(55,184)	428,382
Subtotal	<u>8,507,438</u>	<u>79,696</u>	<u>(223,683)</u>	<u>8,363,451</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(5,190,258)	(148,928)	-	(5,339,186)
Furniture and equipment	(416,677)	(6,250)	204,342	(218,585)
Vehicles	(249,892)	(46,933)	19,341	(277,484)
Subtotal	<u>(5,856,827)</u>	<u>(202,111)</u>	<u>223,683</u>	<u>(5,835,255)</u>
Net capital assets being depreciated	<u>2,650,611</u>	<u>(122,415)</u>	<u>-</u>	<u>2,528,196</u>
Capital Assets – Net of Depreciation	<u>\$ 7,580,611</u>	<u>\$ 177,585</u>	<u>\$ (45,000)</u>	<u>\$ 7,713,196</u>

NOTE 4 - CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 58,666
Public Safety	94,233
Recreation and Culture	35,975
Health and Welfare	<u>13,237</u>

Total Governmental Activities \$ 202,111

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 73,092	\$ -	\$ -	\$ 73,092
Construction in progress	<u>139,749</u>	<u>593,354</u>	<u>(32,135)</u>	<u>700,968</u>
Subtotal	<u>212,841</u>	<u>593,354</u>	<u>(32,135)</u>	<u>774,060</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	1,899,992	48,234	-	1,948,226
Equipment – road	5,270,415	727,032	(363,080)	5,634,367
Equipment – shop	140,944	47,460	(28,584)	159,820
Equipment – office	88,044	6,850	(32,680)	62,214
Equipment – engineer	13,462	8,775	(1,384)	20,853
Infrastructure - roads	13,827,319	219,157	-	14,046,476
Infrastructure – bridges	<u>2,614,618</u>	<u>90,456</u>	<u>-</u>	<u>2,705,074</u>
Subtotal	<u>23,854,794</u>	<u>1,147,964</u>	<u>(425,728)</u>	<u>24,577,030</u>
<i>Less accumulated depreciation:</i>				
Buildings and improvements	(897,561)	(42,455)	-	(940,016)
Equipment – road	(3,859,464)	(621,947)	363,080	(4,118,331)
Equipment – shop	(83,037)	(22,477)	28,584	(76,930)
Equipment – office	(83,529)	(1,602)	28,765	(56,366)
Equipment – engineer	(13,462)	(430)	1,384	(12,508)
Infrastructure - roads	(2,352,064)	(563,185)	-	(2,915,249)
Infrastructure – bridges	<u>(70,738)</u>	<u>(66,248)</u>	<u>-</u>	<u>(136,986)</u>
Subtotal	<u>(7,359,855)</u>	<u>(1,318,344)</u>	<u>421,813</u>	<u>(8,256,386)</u>
Net capital assets being depreciated	<u>16,494,939</u>	<u>(170,380)</u>	<u>(3,915)</u>	<u>16,320,644</u>
Capital Assets – Net of Depreciation	<u>\$ 16,707,780</u>	<u>\$ 422,974</u>	<u>\$ (36,050)</u>	<u>\$ 17,094,704</u>

Depreciation expense was charged to public works in the amount of \$1,318,344.

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		<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
	Prior Delinquent Tax	\$ 38,000	\$ -	\$ 35,005	\$ 73,005
	Nonmajor Enterprise	<u>1,095,000</u>	<u>440,000</u>	<u>-</u>	<u>1,535,000</u>
	Total	<u>\$ 1,133,000</u>	<u>\$ 440,000</u>	<u>\$ 35,005</u>	<u>\$ 1,608,005</u>

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

TRANSFERS OUT					
TRANSFERS IN		<u>General Fund</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
	General Fund	\$ -	\$ 224,688	\$ 111,844	\$ 336,532
	Nonmajor Governmental	622,067	118,087	144,000	884,154
	Nonmajor Enterprise	<u>-</u>	<u>-</u>	<u>153,251</u>	<u>153,251</u>
	Total	<u>\$ 622,067</u>	<u>\$ 342,775</u>	<u>\$ 409,095</u>	<u>\$ 1,373,937</u>

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

NOTE 6 - LONG-TERM DEBT

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

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance	Due Within One Year
Governmental Activities							
Pension Obligation Bonds Series 2015	3.38%	2033	\$ 6,755,000	\$ -	\$ (275,000)	\$ 6,480,000	\$ 350,000
Capital Improvement Bonds Series 2009	4.270%	2024	815,000	-	(100,000)	715,000	105,000
Total Governmental Activities			<u>\$ 7,570,000</u>	<u>\$ -</u>	<u>\$ (375,000)</u>	<u>\$ 7,195,000</u>	<u>\$ 455,000</u>
Business-Type Activities							
Limited Tax Notes 2017 Tax Notes Series	Variable*	2018	\$ 699,814	\$ -	\$ (699,814)	\$ -	\$ -
2018 Tax Notes Series	Variable*	2019		1,200,000	(45,000)	750,000	750,000
Total Business-Type Activities			<u>\$ 699,814</u>	<u>\$ 1,200,000</u>	<u>\$ (1,149,814)</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>

Other Information on Long-Term Debt

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

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

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

Year End September 30	Governmental Activities	
	Principal	Interest
2019	\$ 455,000	\$ 233,865
2020	470,000	222,141
2021	485,000	209,991
2022	505,000	195,565
2023	530,000	180,240
2024-2028	2,380,000	660,850
2029-2033	<u>2,370,000</u>	<u>271,420</u>
Total	<u>\$ 7,195,000</u>	<u>\$ 1,974,072</u>

NOTE 6 - LONG-TERM DEBT (Continued)

The changes in vested employee benefits are summarized as follows:

<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>
\$ 109,764	\$ 16,960	\$ 126,724

The Long-Term Debt of the Road Commission is composed of the following.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment purchase agreement: Motor graders maturing June 2021, bearing interest of 4.24%.	\$ 458,586	\$ -	\$ (31,134)	\$ 427,452	\$ 32,480
Installment purchase agreement: Loader maturing October 2017, bearing interest of 1.13287%.	145,000	-	(145,000)	-	-
Installment purchase agreement: Loader maturing January 2023, bearing interest of 2.52637%.	193,118	-	(11,854)	181,264	13,248
Installment purchase agreement: Vehicles maturing October 2021, bearing interest of 1.97%.	222,458	-	(52,837)	169,621	53,888
Installment purchase agreement: Loader maturing December 2022, bearing interest of 3.49%.	-	250,897	(17,206)	233,691	19,408
Subtotal	1,019,162	250,897	(258,031)	1,012,028	119,024
Vested Employee Benefits	219,024	13,489	-	232,513	9,715
TOTAL	<u>\$ 1,238,186</u>	<u>\$ 264,386</u>	<u>\$ (258,031)</u>	<u>\$ 1,244,541</u>	<u>\$ 128,739</u>

The Road Commission's annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End September 30</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 119,024	\$ 32,629
2020	122,527	29,127
2021	451,883	21,992
2022	40,558	9,101
2023	<u>278,036</u>	<u>707</u>
Total	<u>\$ 1,012,028</u>	<u>\$ 93,556</u>

NOTE 6 - LONG-TERM DEBT (Continued)

Vested Employee Benefits

In accordance with Board policy and labor agreements, employees have a vested right upon termination of employment to receive compensation for accumulated sick leave and vacation under formulas and conditions specified in the policy and agreements. The estimated dollar amount of these vested rights have been accrued in the government-wide financial statements in the amount of \$232,513.

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, 2018.

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.

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

01 – Gnrl: Closed to new hires	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	5.29%
DC Plan for New Hires:	5/1/2007
Act 88:	No
02 – COAM: Closed to new hires	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/25
	50/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Current Retires:	2.50% (Non-Compound)
Employee Contributions	4%
DC Plan for New Hires:	4/1/2013
Act 88:	No
10 – General Comm: Closed to new hires	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	0%
DC Plan for New Hires:	5/1/2007
Act 88:	No

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

11 – GNRL/AFSCME: Closed to new hires	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	2%
DC Plan for New Hires:	10/1/2007
Act 88:	No
14 – AFSCME District Court: Closed to new hires	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
Employee Contributions	2%
DC Plan for New Hires:	4/1/2013
Act 88:	No
20 – POAM: Closed to new hires	
	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	50/25
	55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
COLA for Current Retires	2.50% (Non-Compound)
Employee Contributions	3.50%
DC Plan for New Hires:	1/1/2010
Act 88:	No

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

21 – Dispatch: Closed to new hires

	<u>2017 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	50/25 55/15
Early Retirement (Reduced):	-
Final Average Compensation:	5 years
Employee Contributions	3%
DC Plan for New Hires:	7/1/2005
Act 88:	No

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to but not yet receiving benefits	22
Active employees	<u>46</u>
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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

Net Pension Liability

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

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

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

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

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 20,275,857	\$ 20,166,870	\$ 108,987
Service cost	266,005	-	266,005
Interest on total pension liability	1,588,015	-	1,588,015
Difference between expected and actual experience	(246,099)	-	(246,099)
Employer contributions	-	183,297	(183,297)
Employee contributions	-	78,676	(78,676)
Net investment income	-	2,636,226	(2,636,226)
Benefit payments, including employee refunds	(1,117,287)	(1,117,287)	-
Administrative expense	-	(41,790)	41,790
Net changes	490,634	1,739,122	(1,248,488)
Balances as of December 31, 2017	\$ 20,766,491	\$ 21,905,992	\$ (1,139,501)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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	Current Discount Rate	1% Increase
	(7.00%)	(8.00%)	(9.00%)
County’s net pension liability	\$1,025,983	(\$1,139,501)	(\$2,987,761)

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, 2018, the County recognized pension expense of (\$234,147). At September 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 123,050
Net difference between projected and actual earnings on pension plan investments	-	827,096
Contributions subsequent to the measurement date	136,714	-
Total	<u>\$ 136,714</u>	<u>\$ 950,146</u>

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

Year Ended September 30:	
2019	\$ (221,779)
2020	(141,558)
2021	(375,056)
2022	(211,753)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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.

01 – General Teamster: Open Division (Closed)	
	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	5 years
Employee Contributions	4.30%
Act 88:	Yes (Adopted 2/2/2006)
10 – Non Union: Open Division	
	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/22
Early Retirement (Reduced):	50/25
	50/15
Final Average Compensation:	5 years
Employee Contributions	2.93%
Act 88:	Yes (Adopted 2/2/2006)
13 – Closed to new hires	
	2017 Valuation
Benefit Multiplier:	2.00% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	8 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	50/15
Final Average Compensation:	5 years
Employee Contributions	1.60%
Act 88:	Yes (Adopted 2/2/2006)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>30</u>
	60

Funding Policy

During the year, the Road Commission’s actuarially determined contribution rate was 29.17% of covered payroll for the General Teamsters open division, 41.54% of covered payroll for the Non-union open division; no contributions were required for the closed General division. Employees in all divisions were required to contribute to the plan at the following rates: General Teamsters open, 5.30% of their annual covered payroll; Non-union open, 3.43% of their annual covered payroll; General closed, 1.60% of their annual covered payroll.

Net Pension Liability

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

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

Inflation	2.50 percent
Salary increases	3.75 percent
Investment rate of return	7.75 percent

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:

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2016	\$ 9,300,444	\$ 3,364,354	\$ 5,936,090
Service cost	180,341	-	180,341
Interest on total pension liability	728,256	-	728,256
Changes in benefits	(1,191)	-	(1,191)
Difference between expected and actual experience	(47,719)	-	(47,719)
Changes in assumptions	-	-	-
Employer contributions	-	596,825	(596,825)
Employee contributions	-	72,930	(72,930)
Net investment income	-	451,718	(451,718)
Benefit payments, including employee refunds	(574,858)	(574,858)	-
Administrative expense	-	(7,133)	7,133
Other changes	(2)	-	(2)
Net changes	284,827	539,482	(254,655)
Balances as of December 31, 2017	\$ 9,585,271	\$ 3,903,836	\$ 5,681,435

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:

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Changes in net pension liability	\$6,695,769	\$5,681,435	\$4,814,842

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, 2017, 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, 2018, the Road Commission recognized pension expense of \$76,675. At September 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 102,922	\$ 64,904
Changes in assumptions	32,261	-
Net difference between projected and actual earnings on pension plan investments	-	49,515
Contributions subsequent to the measurement date	459,598	-
Total	\$ 594,781	\$ 114,419

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

Year Ended September 30:	
2019	\$ 129,983
2020	(5,202)
2021	(68,207)
2022	(35,810)

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.

Employees Covered by Benefit Terms

As of September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>2</u>
 Total participants covered by OPEB Plan	 <u><u>12</u></u>

Total OPEB Liability - The County’s total OPEB liability of \$2,699,713 was measured as of September 30, 2018, and was determined by an actuarial valuation as of that date. The plan is not funded by a Trust.

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of September 30, 2018 and the following actuarial assumptions, applies to all periods included in the measurement:

Discount Rate	3.64%
Inflation	2.50%
Salary Increases	2.00%
Health Cost Trend Rates	8.02% graded down to ultimate rate of 5.00%
Actuarial Cost Method	Entry Age Normal
20-year Aa Municipal Bond Rate	3.64%
Mortality	RP–2014 adjusted to 2006 Total Data Set, Headcount-weighted, MP–2018 with no pre-retirement mortality.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense

OPEB Expense for the fiscal year ending September 30, 2018 was as follows:

Service Cost	\$ 11,735
Interest on Total OPEB Liability	95,685
Experience (Gains)/Losses	(608,903)
Other Changes in Fiduciary Net Position	<u>-</u>
Total OPEB Expense	<u>\$ (501,483)</u>

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at September 30, 2017	<u>\$ 2,699,713</u>	<u>\$ -</u>	<u>\$ 2,699,713</u>
Service cost	11,735	-	11,735
Interest	95,685	-	95,685
Difference between expected and actual experience	(1,543)	-	(1,543)
Contributions - Employer	-	-	-
Net investment income	-	-	-
Benefit payments	(143,451)	-	(143,451)
Administrative expense	-	-	-
Net changes	<u>(37,574)</u>	<u>-</u>	<u>(37,574)</u>
Balances as September 30, 2018	<u>\$ 2,662,139</u>	<u>\$ -</u>	<u>\$ 2,662,139</u>

Sensitivity of the total OPEB liability to changes in the discount rate.

The October 1, 2017 was prepared using a discount rate of 3.64%. If the discount rate were 1% higher than what was used in this valuation, the total OPEB liability would decrease to \$2,645,752 or by 2.00%. If the discount rate were 1% lower than was used in this valuation, the total OPEB liability would increase to \$2,763,520 or by 2.36%

	<u>Discount Rate</u>		
	<u>1% Decrease</u>	<u>Baseline 3.64%</u>	<u>1% Increase</u>
Total OPEB Liability	\$2,443,492	\$2,662,139	\$3,001,781

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates.

The October 1, 2017 was prepared using an initial trend rate of 8.02%. If the trend rate were 1% higher than what was used in this valuation, the total OPEB liability would increase to \$3,001,781 or by 11.19%. If the trend rate were 1% lower than was used in this valuation, the total OPEB liability would decrease to \$2,443,492 or by 9.49%

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	Healthcare Cost Trend Rates		
	1% Decrease	Baseline 8.02%	1% Increase
Total OPEB Liability	\$2,443,492	\$2,699,713	\$3,001,781

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the County recognized an OPEB expense of (\$501,483). As September 30, 2018, the County reported deferred outflows of resources related OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Increase in October 1, 2017 OPEB liability due to actuarial experience different from expected and actuarial assumption changes	\$ -	\$ 608,903
Changes in assumptions or other inputs	-	-
Total	<u>\$ -</u>	<u>\$ 608,903</u>

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

Year Ended September 30:	
2019	\$ 608,903

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 benefits for eligible employees and their spouses in accordance with the labor contract which covers both active and retired members. Benefit provisions are established and may be amended by the Board of County Road Commissioners.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Policy

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.

Employees Covered by Benefit Terms

As of September 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	22
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>30</u>
Total participants covered by OPEB Plan	<u>52</u>

Contributions

The Road Commission has no obligation to make contributions in advance of when the insurance premiums or claims are due for payment (in other words, this may be financed on a “pay-as-you-go” basis). For the year ended September 30, 2018, the Road Commission’s actuarially determined contribution was \$80,942. The Road Commission paid retiree premiums of \$90,579 during the year and made no contributions to pre-fund the liability. Employees are required to contribute to the premium costs in accordance with the benefit provisions described previously.

Net OPEB Liability

The Road Commission’s net OPEB liability was measured as of September 30, 2018, and the total OPEB liability used to calculate the OPEB liability was determined using the alternative measurement method as permitted GASB Statement 75 for employers in plans with fewer than 100 (one hundred) total plan members.

Actuarial valuations 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.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

The total OPEB liability in the September 30, 2018 valuation was determined using the following actuarial assumptions:

Salary Increases	3.5%, average, including inflation
Investment Rate of Return	3.0%, net of OPEB plan investment expense
Healthcare Cost Trend Rates	0.0% due to fixed benefit structure that does not fluctuate
Mortality	RP-2014 group annuity mortality table of 50% male and 50% female blend

Discount Rate

The discount rate used to measure the total OPEB liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

Changes in the net OPEB liability during the year were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at September 30, 2017	\$ 1,244,797	\$ -	\$ 1,244,797
Interest	-	-	-
Employer contributions	-	-	-
Net investment income	-	-	-
Administrative expense	-	-	-
Other	27,850	-	27,850
Net changes	<u>27,850</u>	<u>-</u>	<u>27,850</u>
Balances as September 30, 2018	<u>\$ 1,272,647</u>	<u>\$ -</u>	<u>\$ 1,272,647</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.

The following present the change in the net OPEB liability, calculated using the discount rate of 3.00%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.00%) or 1% higher (4.00%) than the current rate:

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	1% Decrease in Rate to 2.00%	Assumed Discount Rate 3.00%	1% Increase in Rate to 4.00%
Net OPEB Liability	\$1,375,914	\$1,272,647	\$1,179,511

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate.

Due to the fixed-rate structure of the benefits provided by the Plan, the net OPEB liability is not impacted by changes in the healthcare cost trend rate.

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

The Road Commission recognized a net OPEB expense of \$27,850 during the year. The Road Commission does not report deferred outflows or inflows of resources related to OPEB because it used the alternative measurement method to determine the balance of the liability.

NOTE 11 - NOTES RECEIVABLE

The following is a summary of the notes receivable:

	Balance 10/01/17	Adjustments/ Additions	Adjustments/ Reductions	Balance 09/30/18
Housing Commission:				
Loans	\$ 1,605,351	\$ 32,726	\$ (288,343)	\$ 1,349,734
Milltown	31,171	-	(270)	30,901
Economic Development Fund	<u>81,896</u>	<u>-</u>	<u>(11,472)</u>	<u>70,424</u>
TOTALS	<u>\$ 1,718,418</u>	<u>\$ 32,726</u>	<u>\$ (300,085)</u>	<u>\$ 1,451,059</u>

NOTE 12 - NET POSITION/FUND BALANCE RESTRICTIONS

Net position/fund balance restrictions are described as follows:

Government Activities	\$ 671,574	Restricted for Housing Commission and Other Governmental Purposes
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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 2018.

Contracted Entity	Program	Statutory Authority	Tax Abated	Gross Amount Abated in FY 2018	Commitment by Contracted Entity
Arauco	IFT	MCL207.564	Prop. Tax	\$ 257,901	New Facility

NOTE 14 - RESTATEMENTS/PRIOR PERIOD ADJUSTMENTS AND CHANGE IN ACCOUNTING PRINCIPLES

During the year, the County and Road Commission restated accounts for beginning net position in governmental activities. A prior period adjustment was required to properly account for net capital assets of the Road Commission. In addition, the County and Road Commission adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 75 during the year. This statement required that the net OPEB liability and OPEB expense be retroactively recorded in the government-wide financial statements. These changes had the following effects on beginning net position of governmental activities:

	<u>County Net Position</u>	<u>Road Commission Net Position</u>
Beginning net position as previously reported at October 1, 2017	\$ 1,678,332	\$ 12,824,394
Adjustment for capital assets	-	26,667
Adjustment for GASB Statement Number 75	<u>(326,302)</u>	<u>(1,271,404)</u>
Beginning net position as restated at October 1, 2017	<u>\$ 1,352,030</u>	<u>\$ 11,579,657</u>

Required Supplementary Information

County of Crawford Michigan

Required Supplementary Information Employee Retirement Benefit Systems Schedule of Changes in Pension Liability Year Ended September 30, 2018

	For MERS Years Ending 12/31			
	2017	2016	2015	2014
Total pension liability				
Service cost	\$ 266,005	\$ 272,223	\$ 275,995	\$ 293,190
Interest	1,588,015	1,568,452	1,442,324	1,383,964
Difference between expected and actual experience	(246,099)	(504,079)	244,359	-
Changes in assumptions	-	-	1,200,276	-
Benefit payments, including refund of member contributions	(1,117,287)	(1,060,555)	(1,015,706)	(906,621)
Other Changes	-	-	-	-
Net change in total pension liability	490,634	276,041	2,147,248	770,533
Total pension liability - beginning	20,275,857	19,999,816	17,852,568	17,082,035
Total pension liability - ending	<u>\$ 20,766,491</u>	<u>\$ 20,275,857</u>	<u>\$ 19,999,816</u>	<u>\$ 17,852,568</u>
Plan fiduciary net position				
Contributions - employer	\$ 183,297	\$ 7,507,033	\$ 582,656	\$ 532,861
Contributions - employee	78,676	134,479	128,918	165,029
Net investment income	2,636,226	2,007,542	(180,628)	735,416
Benefit payments, including refunds of member contributions	(1,117,287)	(1,060,555)	(1,015,706)	(906,621)
Administrative expense	(41,790)	(37,759)	(26,459)	(27,002)
Other Changes	-	-	-	-
Net change in plan fiduciary net position	1,739,122	8,550,740	(511,219)	499,683
Plan fiduciary net position - beginning	20,166,870	11,616,130	12,127,349	11,627,666
Plan fiduciary net position - ending	<u>\$ 21,905,992</u>	<u>\$ 20,166,870</u>	<u>\$ 11,616,130</u>	<u>\$ 12,127,349</u>
County's net pension liability - ending	<u>\$ (1,139,501)</u>	<u>\$ 108,987</u>	<u>\$ 8,383,686</u>	<u>\$ 5,725,219</u>
Plan fiduciary net position as a percentage of the total pension liability	105%	99%	58%	68%
Covered - employee payroll	\$ 2,147,512	\$ 2,196,349	\$ 2,315,271	\$ 2,466,806
County's net pension liability as a percentage of covered-employee payroll	-53%	5%	362%	232%

County of Crawford, Michigan

Required Supplementary Information Employee Retirement Benefit Systems Schedule of Employer Contributions For the Year Ended September 30, 2018

	For MERS Years Ending 12/31			
	2017	2016	2015	2014
Actuarially determined contribution	\$ 183,297	\$ 45,890	\$ 582,630	\$ 571,740
Contributions in relation to the actuarially determined contribution	(183,297)	(45,890)	(582,630)	(571,740)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered - employee payroll	\$2,147,512	\$ 2,196,349	\$ 2,315,271	\$ 2,466,806
Contributions as a percentage of covered-employee payroll	9%	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

**Employee Retirement and Benefit Systems
Schedule of Changes in the OPEB Liability and Related Ratios
For the Year Ended September 30, 2018**

	2018
OPEB Liability - Beginning of Year	\$ 2,699,713
Service cost	11,735
Interest	95,685
Assumption changes and differences between actual and expected experience	(1,543)
Benefit payments	(143,451)
OPEB Liability - End of Year	\$ 2,662,139
Covered Payroll	\$ 113,924
Net OPEB liability as a percentage of covered payroll	2336.77%
Schedule of Employer Contributions	
Service Cost	\$ 11,969
Amortization of unfunded liability	147,312
Actuarially determined employer contribution	\$ 159,281
Employer contribution	(159,712)
Contribution deficiency/(excess)	(431)
Covered Payroll	\$ 113,924
Contribution as percentage of covered payroll	139.81%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of September 30, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Discount rate	3.64%
Salary increases	8.02%
Healthcare cost trend rate	8.02% graded down
Ultimate trend	5.00%
Mortality rate	RP-2000 Combined Healthy Participant Table projected 10 years using projection scale AA

County of Crawford, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 3,319,044	\$ 3,489,044	\$ 3,489,062	\$ 18
Licenses and Permits	22,000	22,000	22,000	-
Federal Sources	-	-	68,046	68,046
State Sources	750,269	967,120	584,615	(382,505)
Charges for Services	1,309,596	873,450	1,130,132	256,682
Interest and Rentals	13,955	15,955	11,362	(4,593)
Other Revenue	5,000	13,795	176,000	162,205
TOTAL REVENUES	5,419,864	5,381,364	5,481,217	99,853
EXPENDITURES:				
Legislative:				
Board of Commissioners	127,930	128,930	128,558	372
Judicial:				
Trial Court	1,035,232	846,020	846,020	-
Court Appointed Attorneys	153,750	162,750	162,347	403
Jury Commission	2,700	2,700	2,700	-
Total Judicial	1,191,682	1,011,470	1,011,067	403
General Government:				
Corporate Counsel	3,500	8,500	7,736	764
Elections	29,850	21,850	21,337	513
County Clerk	247,035	250,035	261,252	(11,217)
Controller's Office	157,311	151,311	151,032	279
Equalization	191,122	179,122	178,742	380
Prosecuting Attorney	271,215	283,215	283,039	176
COOP Reimbursement Program	5,470	7,470	6,872	598
Crime Victims Program	47,818	47,818	38,507	9,311
Purchasing	32,000	19,500	19,147	353
County Treasurer	169,130	177,630	177,235	395
Data Processing	44,835	57,335	57,187	148
Buildings and Grounds	145,750	181,750	181,244	506
Total General Government	1,345,036	1,385,536	1,383,330	2,206

County of Crawford, Michigan

Required Supplementary Information Budgetary Comparison Schedule General Fund Year Ended September 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	1,106,590	1,102,090	1,101,716	374
Marine Department	12,750	12,750	12,175	575
Snowmobile Safety	7,190	8,990	8,936	54
Bailiff	11,690	18,690	18,669	21
Secondary Road Patrol	94,170	71,670	71,431	239
Seasonal Traffic Safety	-	18,000	17,608	392
Jail	1,175,480	1,096,480	1,095,204	1,276
Inmate Transportation	750	24,950	24,720	230
ORV Grant	10,550	21,550	21,271	279
Emergency Preparedness	33,200	66,700	66,460	240
Animal Control	66,465	61,965	61,919	46
Total Public Safety	<u>2,518,835</u>	<u>2,503,835</u>	<u>2,500,109</u>	<u>3,726</u>
Health and Welfare:				
Mental Health	35,600	35,600	35,600	-
Contagious Disease	500	500	55	445
Substance Abuse	28,101	29,601	29,436	165
Medical Examiner	64,050	84,050	83,460	590
Total Health and Welfare	<u>128,251</u>	<u>149,751</u>	<u>148,551</u>	<u>1,200</u>
Capital Outlay	<u>5,000</u>	<u>12,000</u>	<u>11,397</u>	<u>603</u>
Other Expenditures:				
Fringe Benefits	13,500	5,000	4,889	111
Insurance	120,000	105,314	101,358	3,956
Other	500	7,186	7,683	(497)
Total Other Expenditures	<u>134,000</u>	<u>117,500</u>	<u>113,930</u>	<u>3,570</u>
TOTAL EXPENDITURES	<u>5,450,734</u>	<u>5,309,022</u>	<u>5,296,942</u>	<u>12,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(30,870)	72,342	184,275	111,933
OTHER FINANCING SOURCES (USES):				
Transfers In	150,370	461,870	336,532	(125,338)
Transfers Out	(119,500)	(634,212)	(622,067)	12,145
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ (100,000)</u>	(101,260)	<u>\$ (1,260)</u>
FUND BALANCE, OCTOBER 1			<u>826,103</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 724,843</u>	

County of Crawford, Michigan

**Required Supplementary Information
Budgetary Comparison Schedule
County Library Fund
Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 235,000	\$ 235,000	\$ 240,521	\$ 5,521
State Sources	1,000	1,000	5,300	4,300
Local Sources	210,000	210,000	200,397	(9,603)
Charges for Services	8,600	8,600	6,222	(2,378)
Interest and Rentals	1,000	1,000	3,800	2,800
Other Revenue	600	600	27,430	26,830
TOTAL REVENUES	<u>456,200</u>	<u>456,200</u>	<u>483,670</u>	<u>27,470</u>
EXPENDITURES:				
Recreation and Culture	<u>572,650</u>	<u>572,650</u>	<u>521,541</u>	<u>51,109</u>
TOTAL EXPENDITURES	<u>572,650</u>	<u>572,650</u>	<u>521,541</u>	<u>51,109</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (116,450)</u>	<u>\$ (116,450)</u>	(37,871)	<u>\$ 78,579</u>
FUND BALANCE, OCTOBER 1			<u>427,218</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 389,347</u>	

County of Crawford, Michigan

**Required Supplementary Information
Budgetary Comparison Schedule
Housing Commission
Year Ended September 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 25,000	\$ 160,000	\$ 126,332	\$ (33,668)
Local Sources			5,000	
Charges for Services	16,000	16,000	4,069	
Interest and Rentals	4,619	4,619	5,001	382
Other Revenue	49,814	69,357	74,926	5,569
TOTAL REVENUES	<u>95,433</u>	<u>249,976</u>	<u>215,328</u>	<u>(34,648)</u>
EXPENDITURES:				
Health and Welfare	<u>95,433</u>	<u>245,433</u>	<u>198,241</u>	<u>47,192</u>
TOTAL EXPENDITURES	<u>95,433</u>	<u>245,433</u>	<u>198,241</u>	<u>47,192</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ 4,543</u>	17,087	<u>\$ 12,544</u>
FUND BALANCE, OCTOBER 1			<u>84,873</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 101,960</u>	

Other Information

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

Special Revenue Funds

	Revenue Sharing	Special Projects	Regional DWI Sobriety Court	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 86,062	\$ 39,830	\$ 203	\$ 48,086	\$ 44,196	\$ 21,436	\$ 57,071	\$ 7,885
Receivables:								
Accounts	-	-	45,890	-	-	-	-	-
Grants	-	-	-	-	-	-	48,849	-
Taxes	-	-	-	-	1,636	-	-	-
Notes	-	101,325	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	1,837	-
TOTAL ASSETS	<u>\$ 86,062</u>	<u>\$ 141,155</u>	<u>\$ 46,093</u>	<u>\$ 48,086</u>	<u>\$ 45,832</u>	<u>\$ 21,436</u>	<u>\$ 107,757</u>	<u>\$ 7,885</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ -	\$ 14,313	\$ 39,991	\$ 3,659	\$ 6,949	\$ -	\$ -
Accrued Liabilities	-	-	3,940	-	10,019	7,683	10,171	-
Due to Other Funds	-	-	20,000	-	-	6,500	35,000	-
Unearned Revenue	-	-	-	-	2,723	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>38,253</u>	<u>39,991</u>	<u>16,401</u>	<u>21,132</u>	<u>45,171</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	101,325	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	1,837	-
Restricted	-	39,830	7,840	-	29,431	-	-	-
Committed	86,062	-	-	-	-	-	60,749	-
Assigned	-	-	-	8,095	-	304	-	7,885
TOTAL FUND BALANCES	<u>86,062</u>	<u>39,830</u>	<u>7,840</u>	<u>8,095</u>	<u>29,431</u>	<u>304</u>	<u>62,586</u>	<u>7,885</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 86,062</u>	<u>\$ 141,155</u>	<u>\$ 46,093</u>	<u>\$ 48,086</u>	<u>\$ 45,832</u>	<u>\$ 21,436</u>	<u>\$ 107,757</u>	<u>\$ 7,885</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

Special Revenue Funds

	Sports Complex	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	ORV Enforcement
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 16,156	\$ 8,905	\$ 3,417	\$ 39,228	\$ -	\$ 12,269	\$ 19,450	\$ 2,557
Receivables:								
Accounts	-	-	-	18,848	1,331	-	-	-
Grants	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	13,366	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 16,156</u>	<u>\$ 22,271</u>	<u>\$ 3,417</u>	<u>\$ 58,076</u>	<u>\$ 1,331</u>	<u>\$ 12,269</u>	<u>\$ 19,450</u>	<u>\$ 2,557</u>
LIABILITIES:								
Accounts Payable	\$ 672	\$ 236	\$ 579	\$ 170	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	-	29	-	1,935	-	734	-	-
Due to Other Funds	-	-	-	7,000	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>672</u>	<u>265</u>	<u>579</u>	<u>9,105</u>	<u>-</u>	<u>734</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	13,366	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	8,640	-	48,971	-	11,535	-	-
Assigned	15,484	-	2,838	-	1,331	-	19,450	2,557
TOTAL FUND BALANCES	<u>15,484</u>	<u>22,006</u>	<u>2,838</u>	<u>48,971</u>	<u>1,331</u>	<u>11,535</u>	<u>19,450</u>	<u>2,557</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 16,156</u>	<u>\$ 22,271</u>	<u>\$ 3,417</u>	<u>\$ 58,076</u>	<u>\$ 1,331</u>	<u>\$ 12,269</u>	<u>\$ 19,450</u>	<u>\$ 2,557</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

Special Revenue Funds

	Building and Zoning	Brownfield Redevelopment	Sheriff's Youth Services	Homestead P.R.E. Audit	Remonu- mentation	Register of Deeds Automation	MSU Extension	Drug Enforcement
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 17,480	\$ 47	\$ 13,417	\$ 3,049	\$ 17,656	\$ 650	\$ 7,905	\$ 9,987
Receivables:								
Accounts	-	-	-	-	-	-	17,903	-
Grants	-	10,420	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 17,480</u>	<u>\$ 10,467</u>	<u>\$ 13,417</u>	<u>\$ 3,049</u>	<u>\$ 17,656</u>	<u>\$ 650</u>	<u>\$ 25,808</u>	<u>\$ 9,987</u>
LIABILITIES:								
Accounts Payable	\$ 576	\$ 467	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	5,080	-	-	3,049	-	-	449	-
Due to Other Funds	-	10,000	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>5,656</u>	<u>10,467</u>	<u>-</u>	<u>3,049</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	13,417	-	17,656	-	25,359	9,987
Assigned	11,824	-	-	-	-	650	-	-
TOTAL FUND BALANCES	<u>11,824</u>	<u>-</u>	<u>13,417</u>	<u>-</u>	<u>17,656</u>	<u>650</u>	<u>25,359</u>	<u>9,987</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 17,480</u>	<u>\$ 10,467</u>	<u>\$ 13,417</u>	<u>\$ 3,049</u>	<u>\$ 17,656</u>	<u>\$ 650</u>	<u>\$ 25,808</u>	<u>\$ 9,987</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

Special Revenue Funds

	Law Library	911	Homeland Security	Correction Officer Training	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 5,962	\$ 550	\$ 857	\$ 13,974	\$ 14,025	\$ 187,458	\$ 264,704	\$ 526
Receivables:								
Accounts	-	118,126	-	-	-	-	-	-
Grants	-	-	50,143	-	-	83,224	-	-
Taxes	-	-	-	-	-	-	169	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 5,962</u>	<u>\$ 118,676</u>	<u>\$ 51,000</u>	<u>\$ 13,974</u>	<u>\$ 14,025</u>	<u>\$ 270,682</u>	<u>\$ 264,873</u>	<u>\$ 526</u>
LIABILITIES:								
Accounts Payable	\$ -	\$ 409	\$ -	\$ -	\$ -	\$ 1,823	\$ 544	\$ -
Accrued Liabilities	-	12,065	-	-	-	6,947	1,788	-
Due to Other Funds	-	80,000	51,000	-	-	212,500	-	-
Unearned Revenue	-	-	-	-	-	-	169	-
TOTAL LIABILITIES	<u>-</u>	<u>92,474</u>	<u>51,000</u>	<u>-</u>	<u>-</u>	<u>221,270</u>	<u>2,501</u>	<u>-</u>
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	26,202	-	-	14,025	49,412	-	-
Committed	-	-	-	13,974	-	-	-	526
Assigned	5,962	-	-	-	-	-	262,372	-
TOTAL FUND BALANCES	<u>5,962</u>	<u>26,202</u>	<u>-</u>	<u>13,974</u>	<u>14,025</u>	<u>49,412</u>	<u>262,372</u>	<u>526</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5,962</u>	<u>\$ 118,676</u>	<u>\$ 51,000</u>	<u>\$ 13,974</u>	<u>\$ 14,025</u>	<u>\$ 270,682</u>	<u>\$ 264,873</u>	<u>\$ 526</u>

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

	Special Revenue Funds							Debt Service Fund
	Hatchery Restoration	2017 Homeland Security	Commission on Aging	GIS	Concealed Pistol Licensing	2015 Homeland Security	Court House Preservation	Library Debt
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 12,207	\$ 6,097	\$ 410,361	\$ 1,936	\$ 25,191	\$ 975	\$ 23,052	\$ 656
Receivables:								
Accounts	-	-	102	-	-	-	-	-
Grants	-	-	-	-	-	34,498	-	-
Taxes	-	-	1,017	-	-	-	-	312
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	5,911	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 12,207	\$ 6,097	\$ 417,391	\$ 1,936	\$ 25,191	\$ 35,473	\$ 23,052	\$ 968
LIABILITIES:								
Accounts Payable	\$ -	\$ 5,000	\$ 9,926	\$ 1,784	\$ -	\$ -	\$ 159	\$ -
Accrued Liabilities	-	-	24,443	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	18,000	-	-
Unearned Revenue	-	-	4,427	-	-	-	-	46
TOTAL LIABILITIES	-	5,000	38,796	1,784	-	18,000	159	46
DEFERRED INFLOWS:								
Unavailable Revenue - Loans	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	5,911	-	-	-	-	-
Restricted	-	1,097	372,684	152	-	-	22,893	922
Committed	12,207	-	-	-	-	-	-	-
Assigned	-	-	-	-	25,191	17,473	-	-
TOTAL FUND BALANCES	12,207	1,097	378,595	152	25,191	17,473	22,893	922
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 12,207	\$ 6,097	\$ 417,391	\$ 1,936	\$ 25,191	\$ 35,473	\$ 23,052	\$ 968

County of Crawford, Michigan

Combining Balance Sheet Nonmajor Governmental Funds September 30, 2018

	Debt Service Funds			Totals
	Animal Shelter	MERS Retirement	County Building Renovation	
ASSETS:				
Cash and Equivalents - Unrestricted	\$ 4,921	\$ -	\$ 205	\$ 1,450,599
Receivables:				
Accounts	-	-	-	202,200
Grants	-	-	-	227,134
Taxes	426	-	-	3,560
Notes	-	-	-	101,325
Inventory	-	-	-	19,277
Prepaid Items	-	-	-	1,837
TOTAL ASSETS	<u>\$ 5,347</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 2,005,932</u>
LIABILITIES:				
Accounts Payable	\$ -	\$ -	\$ -	\$ 87,257
Accrued Liabilities	-	-	-	88,332
Due to Other Funds	-	-	-	440,000
Unearned Revenue	426	-	-	7,791
TOTAL LIABILITIES	<u>426</u>	<u>-</u>	<u>-</u>	<u>623,380</u>
DEFERRED INFLOWS:				
Unavailable Revenue - Loans	-	-	-	101,325
FUND BALANCES:				
Nonspendable	-	-	-	21,114
Restricted	4,921	-	205	569,614
Committed	-	-	-	309,083
Assigned	-	-	-	381,416
TOTAL FUND BALANCES	<u>4,921</u>	<u>-</u>	<u>205</u>	<u>1,281,227</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 5,347</u>	<u>\$ -</u>	<u>\$ 205</u>	<u>\$ 2,005,932</u>

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2018

	Special Revenue Funds							
	Revenue Sharing	Special Projects	Regional DWI Sobriety Court	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ 39,991	\$ 524,858	\$ -	\$ -	\$ -
Federal Sources	-	-	209,780	-	-	-	232,939	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	327,187	-	5	-	-	91,448	21,220	-
Local Sources	-	-	-	-	9,852	179,181	-	-
Charges for Services	-	-	33,378	-	-	-	38,399	2,900
Interest and Rentals	-	2,358	-	-	-	-	-	-
Other Revenues	-	9,478	-	3,846	6,320	-	-	-
TOTAL REVENUES	327,187	11,836	243,163	43,837	541,030	270,629	292,558	2,900
EXPENDITURES:								
General Government	-	-	-	43,837	-	-	-	-
Judicial	-	-	-	-	-	364,416	349,855	8,732
Public Safety	-	-	-	-	487,538	-	-	-
Health and Welfare	-	-	238,463	-	-	-	-	-
Community/Economic Development	-	2,761	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	59,774	-	-	-
TOTAL EXPENDITURES	-	2,761	238,463	43,837	547,312	364,416	349,855	8,732
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	327,187	9,075	4,700	-	(6,282)	(93,787)	(57,297)	(5,832)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	24,187	93,787	58,000	-
Transfers Out	(326,457)	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	730	9,075	4,700	-	17,905	-	703	(5,832)
FUND BALANCES, OCTOBER 1	85,332	30,755	3,140	8,095	11,526	304	61,883	13,717
FUND BALANCES, SEPTEMBER 30	\$ 86,062	\$ 39,830	\$ 7,840	\$ 8,095	\$ 29,431	\$ 304	\$ 62,586	\$ 7,885

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2018

	Special Revenue Funds							
	Sports Complex	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	ORV Enforcement
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	73,567	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	-	-	1,887	1,331	-	-	-
Local Sources	-	-	-	-	-	32,000	-	-
Charges for Services	-	8,695	-	94,095	-	-	-	-
Interest and Rentals	-	-	-	64	-	-	-	-
Other Revenues	12,952	-	-	-	-	-	-	-
TOTAL REVENUES	12,952	8,695	-	96,046	1,331	32,000	73,567	-
EXPENDITURES:								
General Government	-	32,150	-	108,097	-	-	73,567	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	55,384	-	-
Health and Welfare	-	-	101,554	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	9,556	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	9,556	32,150	101,554	108,097	-	55,384	73,567	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,396	(23,455)	(101,554)	(12,051)	1,331	(23,384)	-	-
OTHER FINANCING SOURCES (USES):								
Transfers In	-	19,000	103,000	-	-	24,000	-	-
Transfers Out	-	-	-	-	(1,318)	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,396	(4,455)	1,446	(12,051)	13	616	-	-
FUND BALANCES, OCTOBER 1	12,088	26,461	1,392	61,022	1,318	10,919	19,450	2,557
FUND BALANCES, SEPTEMBER 30	\$ 15,484	\$ 22,006	\$ 2,838	\$ 48,971	\$ 1,331	\$ 11,535	\$ 19,450	\$ 2,557

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2018

	Special Revenue Funds							
	Building and Zoning	Brownfield Redevelopment	Sheriff's Youth Services	Homestead P.R.E. Audit	Remonu- mentation	Register of Deeds Automation	MSU Extension	Drug Enforcement
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
Licenses and Permits	132,588	-	-	-	-	-	-	-
State Sources	-	10,421	-	-	38,977	-	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenues	391	-	9,417	-	-	-	17,903	-
TOTAL REVENUES	132,979	10,421	9,417	-	38,977	-	17,903	-
EXPENDITURES:								
General Government	-	-	-	-	40,494	15,737	44,550	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	136,549	-	12,271	-	-	-	-	-
Health and Welfare	-	10,421	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	17,106	-	-	-	-	-	-	-
TOTAL EXPENDITURES	153,655	10,421	12,271	-	40,494	15,737	44,550	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(20,676)	-	(2,854)	-	(1,517)	(15,737)	(26,647)	-
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	30,830	45,000	-
Transfers Out	-	-	-	-	-	(15,000)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(20,676)	-	(2,854)	-	(1,517)	93	18,353	-
FUND BALANCES, OCTOBER 1	32,500	-	16,271	-	19,173	557	7,006	9,987
FUND BALANCES, SEPTEMBER 30	<u>\$ 11,824</u>	<u>\$ -</u>	<u>\$ 13,417</u>	<u>\$ -</u>	<u>\$ 17,656</u>	<u>\$ 650</u>	<u>\$ 25,359</u>	<u>\$ 9,987</u>

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2018

	Special Revenue Funds							
	Law Library	911	Homeland Security	Correction Officer Training	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 134,859	\$ -
Federal Sources	-	-	114,453	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	147,966	-	-	-	418,279	15,376	-
Local Sources	-	-	-	-	-	75,513	-	-
Charges for Services	-	328,601	-	7,312	-	-	-	-
Interest and Rentals	-	-	-	-	51	-	-	-
Other Revenues	2,596	307	-	-	1,850	18,241	-	-
TOTAL REVENUES	2,596	476,874	114,453	7,312	1,901	512,033	150,235	-
EXPENDITURES:								
General Government	-	-	-	-	-	-	-	-
Judicial	6,291	-	-	-	-	-	-	-
Public Safety	-	482,411	76,817	6,808	-	-	-	-
Health and Welfare	-	-	-	-	5,305	850,406	77,248	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Capital Outlay	-	-	39,360	-	-	-	-	-
TOTAL EXPENDITURES	6,291	482,411	116,177	6,808	5,305	850,406	77,248	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,695)	(5,537)	(1,724)	504	(3,404)	(338,373)	72,987	-
OTHER FINANCING SOURCES (USES):								
Transfers In	3,900	-	-	-	-	338,450	-	-
Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	205	(5,537)	(1,724)	504	(3,404)	77	72,987	-
FUND BALANCES, OCTOBER 1	5,757	31,739	1,724	13,470	17,429	49,335	189,385	526
FUND BALANCES, SEPTEMBER 30	\$ 5,962	\$ 26,202	\$ -	\$ 13,974	\$ 14,025	\$ 49,412	\$ 262,372	\$ 526

County of Crawford, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2018

	Special Revenue Funds							Debt Service Fund	
	2017		Commission on Aging	GIS	2015		Concealed Pistol Fund	Court House Preservation	Library Debt
	Hatchery Restoration	Homeland Security			Homeland Security	-			
REVENUES:									
Taxes	\$ -	\$ -	\$ 564,784	\$ -	\$ -	\$ -	\$ -	\$ 2	
Federal Sources	-	-	114,749	-	229,258	-	-	-	
Licenses and Permits	-	-	-	-	-	9,075	-	-	
State Sources	-	-	70,453	-	-	-	-	-	
Local Sources	-	-	39,583	-	-	-	-	-	
Charges for Services	-	-	105,500	-	-	-	42,070	-	
Interest and Rentals	-	-	2,861	-	-	-	-	-	
Other Revenues	-	-	13,073	-	-	-	-	-	
TOTAL REVENUES	-	-	911,003	-	229,258	9,075	42,070	2	
EXPENDITURES:									
General Government	-	-	-	25,817	-	-	33,807	-	
Judicial	-	-	-	-	-	-	-	-	
Public Safety	-	20,100	-	-	63,951	2,519	-	-	
Health and Welfare	-	-	895,587	-	-	-	-	-	
Community/Economic Development	-	-	-	-	-	-	-	-	
Recreation and Culture	-	-	-	-	-	-	-	28	
Debt Service	-	-	-	-	-	-	-	-	
Capital Outlay	-	-	-	-	147,834	-	-	-	
TOTAL EXPENDITURES	-	20,100	895,587	25,817	211,785	2,519	33,807	28	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(20,100)	15,416	(25,817)	17,473	6,556	8,263	(26)	
OTHER FINANCING SOURCES (USES):									
Transfers In	-	-	-	6,000	-	-	-	-	
Transfers Out	-	-	-	-	-	-	-	-	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	(20,100)	15,416	(19,817)	17,473	6,556	8,263	(26)	
FUND BALANCES, OCTOBER 1	12,207	21,197	363,179	19,969	-	18,635	14,630	948	
FUND BALANCES, SEPTEMBER 30	\$ 12,207	\$ 1,097	\$ 378,595	\$ 152	\$ 17,473	\$ 25,191	\$ 22,893	\$ 922	

**Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Nonmajor Governmental Funds
Year Ended September 30, 2018**

	Debt Service Funds			Totals
	Animal Shelter	MERS Retirement	County Building Renovation	
REVENUES:				
Taxes	\$ 14	\$ -	\$ -	\$ 1,264,508
Federal Sources	-	-	-	974,746
Licenses and Permits	-	-	-	141,663
State Sources	-	-	-	1,144,550
Local Sources	-	-	-	336,129
Charges for Services	-	-	-	660,950
Interest and Rentals	-	-	-	5,334
Other Revenues	-	481,065	-	577,439
TOTAL REVENUES	14	481,065	-	5,105,319
EXPENDITURES:				
General Government	-	19,173	-	437,229
Judicial	-	-	-	729,294
Public Safety	-	-	-	1,344,348
Health and Welfare	252	-	-	2,179,236
Community/Economic Development	-	-	-	2,761
Recreation and Culture	-	-	-	9,584
Debt Service	-	481,065	138,800	619,865
Capital Outlay	-	-	-	264,074
TOTAL EXPENDITURES	252	500,238	138,800	5,586,391
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(238)	(19,173)	(138,800)	(481,072)
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	138,000	884,154
Transfers Out	-	-	-	(342,775)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(238)	(19,173)	(800)	60,307
FUND BALANCES, OCTOBER 1	5,159	19,173	1,005	1,220,920
FUND BALANCES, SEPTEMBER 30	\$ 4,921	\$ -	\$ 205	\$ 1,281,227

County of Crawford, Michigan

**Combining Statement of Net Position
Nonmajor Enterprise Funds
September 30, 2018**

	Sheriff Commissary	Tax Sale Proceeds	DTRF Admin	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax
ASSETS:							
Cash and Equivalents - Unrestricted	\$ 1,476	\$ 426	\$ -	\$ 10,249	\$ 105	\$ 1,069	\$ 235
Receivables:							
Taxes	-	-	-	60	101	104	207
Interest	-	-	-	-	69	-	-
Due from Other Funds	70,000	459,461	-	-	39,000	40,000	115,000
TOTAL ASSETS	<u>\$ 71,476</u>	<u>\$ 459,887</u>	<u>\$ -</u>	<u>\$ 10,309</u>	<u>\$ 39,275</u>	<u>\$ 41,173</u>	<u>\$ 115,442</u>
LIABILITIES:							
Accounts Payable	\$ 76	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-	-	-	-
Due to Other Governmental Units	-	-	-	-	-	-	206
TOTAL LIABILITIES	<u>76</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>206</u>
NET POSITION:							
Unrestricted	71,400	459,887	-	10,309	39,275	41,173	115,236
TOTAL NET POSITION	<u>71,400</u>	<u>459,887</u>	<u>-</u>	<u>10,309</u>	<u>39,275</u>	<u>41,173</u>	<u>115,236</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 71,476</u>	<u>\$ 459,887</u>	<u>\$ -</u>	<u>\$ 10,309</u>	<u>\$ 39,275</u>	<u>\$ 41,173</u>	<u>\$ 115,442</u>

	2013 Delinquent Tax	2014 Delinquent Tax	2015 Delinquent Tax	2016 Delinquent Tax	Totals
ASSETS:					
Cash and Equivalents - Unrestricted	\$ 954	\$ -	\$ -	\$ 1,076	\$ 15,590
Receivables:					
Taxes	282	906	5,676	160,228	167,564
Interest	205	442	38,434	43,740	82,890
Due from Other Funds	325,000	268,000	218,539	-	1,535,000
TOTAL ASSETS	\$ 326,441	\$ 269,348	\$ 262,649	\$ 205,044	\$ 1,801,044
LIABILITIES:					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 76
Due to Other Funds	-	5	-	35,000	35,005
Due to Other Governmental Units	56	-	-	-	262
TOTAL LIABILITIES	56	5	-	35,000	35,343
NET POSITION:					
Unrestricted	326,385	269,343	262,649	170,044	1,765,701
TOTAL NET POSITION	326,385	269,343	262,649	170,044	1,765,701
TOTAL LIABILITIES AND NET POSITION	\$ 326,441	\$ 269,348	\$ 262,649	\$ 205,044	\$ 1,801,044

**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Nonmajor Enterprise Funds
Year Ended September 30, 2018**

	Sheriff Commissary	Tax Sale Proceeds	DTRF Admin	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax
OPERATING REVENUES:							
Charges for Services	\$ 45,056	\$ -	\$ -	\$ 16	\$ -	\$ 132	\$ 25
Interest and Rentals	-	-	-	293	103	2,982	1,132
TOTAL OPERATING REVENUES	45,056	-	-	309	103	3,114	1,157
OPERATING EXPENSES:							
Supplies	41,091	-	-	-	-	-	18,556
Contracted Services	-	-	-	-	-	-	-
Other Expenses	-	12,190	-	-	-	-	-
TOTAL OPERATING EXPENSES	41,091	12,190	-	-	-	-	18,556
OPERATING INCOME (LOSS)	3,965	(12,190)	-	309	103	3,114	(17,399)
NON-OPERATING REVENUES (EXPENSES):							
Interest Expense	-	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	-	-	-	-
INCOME (LOSS) BEFORE TRANSFERS	3,965	(12,190)	-	309	103	3,114	(17,399)
Transfers In	-	44,557	108,694	-	-	-	-
Transfers Out	-	(9,150)	(108,694)	(108,694)	-	-	(138,000)
NET INCOME (LOSS)	3,965	23,217	-	(108,385)	103	3,114	(155,399)
NET POSITION, OCTOBER 1	67,435	436,670	-	118,694	39,172	38,059	270,635
NET POSITION, SEPTEMBER 30	<u>\$ 71,400</u>	<u>\$ 459,887</u>	<u>\$ -</u>	<u>\$ 10,309</u>	<u>\$ 39,275</u>	<u>\$ 41,173</u>	<u>\$ 115,236</u>

**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Nonmajor Enterprise Funds
Year Ended September 30, 2018**

	2013 Delinquent Tax	2014 Delinquent Tax	2015 Delinquent Tax	2016 Delinquent Tax	Totals
OPERATING REVENUES:					
Charges for Services	\$ 25	\$ 2,571	\$ 151,422	\$ 61,789	\$ 261,036
Interest and Rentals	164	354	47,061	65,360	117,449
TOTAL OPERATING REVENUES	189	2,925	198,483	127,149	378,485
OPERATING EXPENSES:					
Supplies	-	-	-	7,299	66,946
Contracted Services	438	900	51,762	40,589	93,689
Other Expenses	-	-	11,314	-	23,504
TOTAL OPERATING EXPENSES	438	900	63,076	47,888	184,139
OPERATING INCOME (LOSS)	(249)	2,025	135,407	79,261	194,346
NON-OPERATING REVENUES (EXPENSES):					
Interest Expense	-	-	-	(6,055)	(6,055)
TOTAL NON-OPERATING REVENUES (EXPENSES)	-	-	-	(6,055)	(6,055)
INCOME (LOSS) BEFORE TRANSFERS	(249)	2,025	135,407	73,206	188,291
Transfers In	-	-	-	-	153,251
Transfers Out	-	-	(44,557)	-	(409,095)
NET INCOME (LOSS)	(249)	2,025	90,850	73,206	(67,553)
NET POSITION, OCTOBER 1	326,634	267,318	171,799	96,838	1,833,254
NET POSITION, SEPTEMBER 30	<u>\$ 326,385</u>	<u>\$ 269,343</u>	<u>\$ 262,649</u>	<u>\$ 170,044</u>	<u>\$ 1,765,701</u>

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2018**

	Sheriff Commissary	Tax Sale Proceeds	DTRF Admin	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	2012 Delinquent Tax
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 45,056	\$ 1,162	\$ -	\$ 809	\$ 828	\$ 3,761	\$ 1,790
Payments to Suppliers	(41,179)	(12,190)	-	-	-	-	(19,555)
Internal Activity - Payments/Receipts with Other Funds	(70,000)	(25,461)	-	115,000	(3,000)	(2,692)	156,000
Net Cash Provided (Used) by Operating Activities	<u>(66,123)</u>	<u>(36,489)</u>	<u>-</u>	<u>115,809</u>	<u>(2,172)</u>	<u>1,069</u>	<u>138,235</u>
Cash Flows from Capital Financing Activities:							
Interest Payments	-	-	-	-	-	-	-
Principal Payments	-	-	-	-	-	-	-
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Noncapital Financing Activities:							
Transfers In	-	44,557	108,694	-	-	-	-
Transfers Out	-	(9,150)	(108,694)	(108,694)	-	-	(138,000)
Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>35,407</u>	<u>-</u>	<u>(108,694)</u>	<u>-</u>	<u>-</u>	<u>(138,000)</u>
Net Increase in Cash and Equivalents	(66,123)	(1,082)	-	7,115	(2,172)	1,069	235
Cash and Equivalents - Beginning of Year	67,599	1,508	-	3,134	2,277	-	-
Cash and Equivalents - End of Year	<u>\$ 1,476</u>	<u>\$ 426</u>	<u>\$ -</u>	<u>\$ 10,249</u>	<u>\$ 105</u>	<u>\$ 1,069</u>	<u>\$ 235</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ 3,965	\$ (12,190)	\$ -	\$ 309	\$ 103	\$ 3,114	\$ (17,399)
Decrease (Increase) in Assets:							
Taxes Receivable	-	-	-	353	417	647	633
Interest Receivable	-	-	-	147	308	-	-
Due from Others	-	1,162	-	-	-	-	-
Due from Other Funds	(70,000)	(25,461)	-	115,000	(3,000)	-	156,000
Increase (Decrease) in Liabilities:							
Accounts Payable	(88)	-	-	-	-	-	(1,205)
Due to Other Funds	-	-	-	-	-	-	-
Due to Governmental Units	-	-	-	-	-	(2,692)	206
Net Cash Provided (Used) by Operating Activities	<u>\$ (66,123)</u>	<u>\$ (36,489)</u>	<u>\$ -</u>	<u>\$ 115,809</u>	<u>\$ (2,172)</u>	<u>\$ 1,069</u>	<u>\$ 138,235</u>

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended September 30, 2018**

	2013 Delinquent Tax	2014 Delinquent Tax	2015 Delinquent Tax	2016 Delinquent Tax	Totals
Cash Flows from Operating Activities:					
Receipts from Customers	\$ 942	\$ 10,125	\$ 377,992	\$ 683,177	\$ 1,125,642
Payments to Suppliers	(382)	(900)	(64,715)	(47,897)	(186,818)
Internal Activity - Payments/Receipts with Other Funds	(1,000)	(11,995)	(269,539)	35,000	(77,687)
Net Cash Provided (Used) by Operating Activities	<u>(440)</u>	<u>(2,770)</u>	<u>43,738</u>	<u>670,280</u>	<u>861,137</u>
Cash Flows from Capital Financing Activities:					
Interest Payments	-	-	-	(6,055)	(6,055)
Principal Payments	-	-	-	(699,814)	(699,814)
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(705,869)</u>	<u>(705,869)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers In	-	-	-	-	153,251
Transfers Out	-	-	(44,557)	-	(409,095)
Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(44,557)</u>	<u>-</u>	<u>(255,844)</u>
Net Increase in Cash and Equivalents	(440)	(2,770)	(819)	(35,589)	(100,576)
Cash and Equivalents - Beginning of Year	1,394	2,770	819	36,665	116,166
Cash and Equivalents - End of Year	<u>\$ 954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,076</u>	<u>\$ 15,590</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	\$ (249)	\$ 2,025	\$ 135,407	\$ 79,261	\$ 194,346
Decrease (Increase) in Assets:					
Taxes Receivable	565	2,904	160,022	537,256	702,797
Interest Receivable	188	1,726	8,475	5,013	15,857
Due from Others	-	2,570	11,012	13,759	28,503
Due from Other Funds	(1,000)	(12,000)	(218,539)	-	(59,000)
Increase (Decrease) in Liabilities:					
Accounts Payable	-	-	(76)	-	(1,369)
Due to Other Funds	-	5	(51,000)	35,000	(15,995)
Due to Governmental Units	56	-	(1,563)	(9)	(4,002)
Net Cash Provided (Used) by Operating Activities	<u>\$ (440)</u>	<u>\$ (2,770)</u>	<u>\$ 43,738</u>	<u>\$ 670,280</u>	<u>\$ 861,137</u>

	Agency Funds							
	Trust and Agency	Transportation Authority	Penal Fines	Sheriff Inmate Trust	Short Term Disability	Employees Flex Spending	Retirement Health	Totals
ASSETS:								
Cash and Equivalents - Unrestricted	\$ 2,204,844	\$ 167,439	\$ 28,076	\$ 14,181	\$ 33,818	\$ (823)	\$ 108,103	\$ 2,555,638
Taxes Receivable	-	1,536	-	-	-	-	-	1,536
TOTAL ASSETS	<u>\$ 2,204,844</u>	<u>\$ 168,975</u>	<u>\$ 28,076</u>	<u>\$ 14,181</u>	<u>\$ 33,818</u>	<u>\$ (823)</u>	<u>\$ 108,103</u>	<u>\$ 2,557,174</u>
LIABILITIES:								
Accounts Payable	\$ 4,666	\$ -	\$ -	\$ -	\$ 33,818	\$ -	\$ -	\$ 38,484
Due to Others	52,105	-	-	14,181	-	(823)	108,103	173,566
Due to Other Governmental Units	2,148,073	168,975	28,076	-	-	-	-	2,345,124
TOTAL LIABILITIES	<u>\$ 2,204,844</u>	<u>\$ 168,975</u>	<u>\$ 28,076</u>	<u>\$ 14,181</u>	<u>\$ 33,818</u>	<u>\$ (823)</u>	<u>\$ 108,103</u>	<u>\$ 2,557,174</u>

Reports on Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan as of and for the year ended September 30, 2018, 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 14, 2019. 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 2018-001.

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 14, 2019



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**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, 2018. 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, 2018.

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 14, 2019

County of Crawford, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:				
ADMINISTRATION ON AGING:				
Pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.:				
Title IIIB Homemaking	93.044	N/A	\$ 13,650	\$ -
Title IIIB Personal Care	93.044	N/A	7,350	-
Title IIICI Congregate Nutrition	93.045	N/A	14,081	-
Title IIICII Home Delivered Nutrition	93.045	N/A	29,971	-
Title IIIE EST	93.052	N/A	2,000	-
Title IIIE - Respite	93.052	N/A	10,937	-
Title IIIE - Kinship	93.052	N/A	1,655	-
NSIP Title IIICI	93.053	N/A	9,338	-
NSIP Title IIICII	93.053	N/A	23,049	-
Waiver-Medicaid	93.778	N/A	2,718	-
Total Pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.			114,749	-
ADMINISTRATION FOR CHILDREN AND FAMILIES:				
Pass-through from the State of Michigan Department of Human Services:				
Prosecuting Attorney - Child Support	93.563	CS/PA-13-20002	11,024	-
Friend of the Court - Incentive	93.563	N/A	16,205	-
Friend of the Court - Child Support	93.563	CS/FOC-13-20001	216,734	-
Total Pass-through from the State of Michigan Department of Human Services			243,963	-
Total U.S. Department of Health & Human Services			358,712	-
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Direct Awards:</i>				
Rural Development	10.433	HGP 2017-2018	13,245	-
Pass-through from the Michigan Department of Natural Resources:				
Wildfire Protection	10.664	47-DG-11420004-228	17,905	-
Bankhead Jones	10.665	N/A	8,941	-
Distributions to Schools and Roads	10.665	N/A	64,626	-
Total Pass-through from the Michigan Department of Natural Resources			91,472	-
Total U.S. Department of Agriculture			104,717	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Pass-through from MSHDA:				
CDBG Housing Grant Program	14.239	MSC-2015-0214	113,087	-
U.S. DEPARTMENT OF TRANSPORTATION:				
Pass-through from the State Court Administrative Office				
SCAO OHSP Grant Program	20.601	N/A	209,780	-
U.S. DEPARTMENT OF HOMELAND SECURITY:				
Pass-through from the Michigan Department of State Police, Emergency Management Division:				
2015 State Homeland Security Grant	97.067	N/A	229,258	213,476
2016 State Homeland Security Grant	97.067	N/A	114,453	99,953
Emergency Management Performance Grant (EMPG)	97.042	MW-2018-EP-00044-SC	39,117	-
Total U.S. Department of Homeland Security			382,828	313,429
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 1,169,124	\$ 313,429

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 2018.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At September 30, 2018, 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, 2018, 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.

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

<u>CFDA NUMBERS</u>	<u>Name of Federal Program or Cluster</u>
97,067	Homeland Security Grant
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

Significant Deficiency

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

Finding 2018-001

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

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

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

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

Cause: Unknown.

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

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

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

Status: Unchanged.

Section III – Federal Award Findings and Questioned Costs

NONE.

NONE.

Additional Information

COUNTY OF CRAWFORD, MICHIGAN

ADDITIONAL INFORMATION

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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, 2018, 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 14, 2019

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, 2018, 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>2018 Taxable Valuation</u>
Consumer Energy	\$ 10,284,759
Grayling Generating	8,585,304
State of Michigan	8,268,925
Weyerhaeuser	6,511,575
Breitburn Operating	5,137,667
Great Lakes Energy	4,906,300
Enbridge	4,300,500
DTE Energy	3,808,936
Forest Dunes	2,373,099
McCallister Rental	<u>2,046,650</u>
 TOTAL (represents 9.89% Total 2018 TV)	 <u>\$ 56,763,715</u>
 2018 County TV (ad valorem) as of 2-19-19	 \$ 571,518,991

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	558
Arauco	Particleboard Plant	232
County of Crawford	County Government	181
Camp Grayling/Mates	Military Base	180
Crawford Au Sable Schools	School/Education	164
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

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, 2017 was \$47,856 and was \$184,322 for the fiscal year ended September 30, 2018.

F. COUNTY TAX RATES & LEVIES:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County Operating	6.0925	6.0925	6.0925	6.0925	6.0925
Commission on Aging	1.000	1.0000	1.0000	.7185	.7185
Rec. Authority	.4845	.4845	.4845	.4845	.4845
Public Transit	.9825	.7027	.7027	.7027	.7027
Library - Debt	-	-	-	-	.0690
Library – Operating	.4458	.4458	.4458	.4458	.4458
Sheriff – Operating	1.000	.8917	.8917	.8917	.8917
Veterans Office	.2500	.2500	.2500	.2500	.2500
Animal Shelter	-	-	-	-	.6300
Road Commission	<u>1.000</u>	<u>1.000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
TOTAL COUNTY	<u>11.2255</u>	<u>10.8672</u>	<u>10.8672</u>	<u>10.5857</u>	<u>11.2847</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>2.2293</u>
TOTAL ALL JURISDICTIONS	<u>14.3407</u>	<u>13.9824</u>	<u>13.9824</u>	<u>13.7009</u>	<u>14.3999</u>

NOTE 2 - TABLES: (Continued)

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

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

Year	Tax Levy*	Collections to 3 – 1 Of Year Following the Levy		Coll. Plus Funding to 3 - 1 – 12
		Amount**	%	
2018	\$ 22,906,554	\$ 21,074,029	92.00%	100%
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

*Includes real and personal property taxes.

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

H. STATE EQUALIZED VALUATION:

STATE EQUALIZED VALUATION (50% of True Value)			
2018	-	\$ 687,301,575	As of February 19, 2019
2017	-	641,996,540	
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	

NOTE 2 - TABLES: (Continued)

I. TAXABLE VALUATION:

2018	-	\$	571,518,991	As of February 19, 2019
2017	-		532,846,522	
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	Per Capital TV (2018) \$40,629

2018 Taxable Breakdown by Use

Residential	77.96%
Commercial	7.40
Industrial	3.60
Personal Property	11.00
Agricultural	.04
Timber	-
TOTAL	<u>100.00%</u>

2018 Taxable Breakdown by Class

Real	89%
Personal	<u>11</u>
TOTAL	<u>100%</u>

J. GENERAL FUND REVENUES AND EXPENDITURES:

	September 30			
	2018	2017	2016	2015
Revenues & Transfers In	\$ 5,817,749	\$ 5,618,939	\$ 5,521,051	\$ 5,443,647
Expenditures & Transfers Out	<u>5,919,009</u>	<u>5,573,660</u>	<u>5,494,896</u>	<u>5,411,480</u>
Revenues Over (Under)				
Expenditures	(101,260)	45,279	26,155	32,167
Beginning Balance	826,103	780,824	754,669	722,502
Ending Balance	724,843	826,103	780,824	754,669

K. DIRECT DEBT OF COUNTY:

DIRECT DEBT OF COUNTY:	<u>Gross</u>	Self-Supporting Or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
Capital Improvement Bonds	\$ 715,000	\$ -	\$ 715,000
GOUT Bonds	<u>6,480,000</u>	<u>-</u>	<u>6,480,000</u>
	<u>\$ 7,195,000</u>	<u>\$ -</u>	<u>\$ 7,195,000</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	\$ 511,24
Percent County Net Direct Debt to 2018 TV	.89%

OVERLAPPING DEBT OF COUNTY:

Cities	\$ 1,250,000
School Districts	26,680,000
Community Colleges	<u>32,580,000</u>
Net Overlapping Debt	<u>60,510,000</u>
Net County and Overlapping Debt	<u>\$ 67,705,000</u>

Per capita County Net Direct and Overlapping Debt	\$ 4,810.64
Percent Net Direct and Overlapping Debt to 2018 TV	11.85%

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>	<u>Capital Improvement Bonds</u>	<u>Pension Bonds</u>	<u>Total</u>
2019	105,000	350,000	455,000
2020	110,000	360,000	470,000
2021	115,000	370,000	485,000
2022	120,000	385,000	505,000
2023	130,000	400,000	530,000
2024	135,000	410,000	545,000
2025	-	425,000	425,000
2026	-	440,000	440,000
2027	-	480,000	480,000
2028	-	490,000	490,000
2029	-	500,000	500,000
2030	-	495,000	495,000
2031	-	415,000	415,000
2032	-	420,000	420,000
2033	-	540,000	540,000
TOTAL	<u>\$ 715,000</u>	<u>\$ 6,480,000</u>	<u>\$ 7,195,000</u>



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
LESLIE BOHN, 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, 2018, and have issued our report thereon dated March 14, 2019. 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 26, 2018, 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 26, 2018.

Significant Accounting Policies

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Crawford, Michigan are described in Note 1 to the financial statements. One new accounting policy was adopted regarding GASB Statement Number 75 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 vested employee benefits is based on current hourly rates and policies regarding payment of sick and vacation banks.

- Management's estimate of the Annual Required Contribution, Liabilities and Assets 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 14, 2019.

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 (Prior Year)

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.

Status: Corrected.

Single Approach for Reporting Leases (Prior Year)

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.

Status: The County will work towards implementation.

Payroll

It was noted during our testing of controls over the payroll system, one employee was missing the required new hire reporting form and had an incomplete I-9 form. All new employees going forward that were tested were in compliance with this test.

GASB 83 – Certain Asset Retirement Obligations

Effective 06/15/19 (your FY 2019)

This statement addresses accounting and financial reporting for certain asset retirement obligations—legally enforceable liabilities associated with the retirement of a tangible capital assets.

GASB 84 – Fiduciary Activities

Effective 12/15/2019 (your FY 2019)

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

GASB 86 – Certain Debt Extinguishment Issues

Effective 06/15/2018 (your FY 2018)

This standard provides guidance for reporting the in-substance defeasance of outstanding debt obligations using existing resources. Qualifying transactions will remove both the assets placed into trust and the related debt obligation from the government’s statement of net position.

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.

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC". The signature is written in a cursive, flowing style.

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

March 14, 2019