

**County of Benzie, Michigan**

**BASIC FINANCIAL STATEMENTS**

**September 30, 2014**

**BENZIE COUNTY, MICHIGAN**

ORGANIZATION

**MEMBERS OF THE COUNTY COMMISSION**

CHAIR PERSON	VANCE BATES
VICE CHAIR PERSON	FRANK WALTERHOUSE
COMMISSIONER	LISA TUCKER
COMMISSIONER	EVAN WARSECKE
COMMISSIONER	ROGER GRINER
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**APPOINTED/ELECTED OFFICIALS**

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COUNTY TREASURER	MICHELLE L. THOMPSON
COUNTY CLERK	DAWN OLNEY

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

**KINROSS OFFICE**

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SUE A. BOWLBY, CPA, PRINCIPAL  
KENNETH A. TALSMA, CPA, PRINCIPAL

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

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**INDEPENDENT AUDITOR'S REPORT**

Members of the Board of Commissioners  
County of Benzie, Michigan  
448 Court Place  
Beulah, Michigan 49617

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Benzie, Michigan, as of and for the year ending September 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

***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 Benzie Transportation Authority, which represents 13 percent, 14 percent, and 17 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We also did not audit the financial statements of the County Medical Care Facility, which represents 53 percent, 52 percent, and 76 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Benzie Transportation Authority and the County Medical Care Facility are 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. The financial statements of the County Medical Care Facility were not audited in accordance with *Government Auditing Standards*. 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 Members  
of the Board of Commissioners  
County of Benzie, 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 report 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 units, each major fund, and the aggregate remaining fund information of the County of Benzie, Michigan, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 9, pages 45 through 46, and pages 47 through 49 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 Benzie, 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.

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

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements 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 26, 2015 on our consideration of the County of Benzie, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Benzie, Michigan's internal control over financial reporting and compliance.



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

March 26, 2015

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

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As managers of the County of Benzie, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here, in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

### Financial Highlights

- Net position for the County was reported at \$24,319,734 for 2014 and was \$28,180,339 for 2013, a decrease of 13.7%. For 2014, net position for our business-type activities was \$12,340,032 or 50.7% of total net position, while net position in our government activities was \$11,979,702 or 49.3% of total net position.
- At September 30, 2014, Benzie County's governmental funds report a combined fund balance of \$7,491,286 compared to \$6,433,290 for 2013.
- At September 30, 2014, the fund balance for the general fund was \$1,683,895 with \$27,423 nonspendable for prepaid items and \$143,571 committed for vested employee benefits.

### 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 are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, and 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 and liabilities, 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 giving rise to the 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 Legislative, Judicial, General Government, Public Safety, Public Works, Health and Welfare, and Culture and Recreation. The business-type activities of the County include the Medical Care Facility, Delinquent Tax Revolving, and Emergency Medical Services funds.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also legally separate component units for which the County is financially accountable. Component Units include the Benzie County Road Commission, Benzie/Leelanau District Health Department, Benzie Transportation Authority, and Benzie Economic Development Corporation. Financial information for component units are 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, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains many individual funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General, Jail Operations, Medical Care Facility Renovation funds and Maples Debt Millage, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its general and special revenue funds.

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

**Proprietary funds.** Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Services for which the County charges customers a fee are generally reported in proprietary funds. The Medical Care Facility, Delinquent Tax Revolving, and Emergency Medical Services are reported as major proprietary funds.

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

**Notes to the financial statements.** The notes provide additional information that is essential to fully understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-44 of this report.

**Required Supplementary Information.** Required supplementary information related to the County’s pension plan can be found on pages 45-46 and budgetary comparison information related to the County’s major governmental funds can be found on pages 47-49 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information. This includes the combining nonmajor fund financial statements. Combining nonmajor fund financial statements can be found on pages 50-62 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of Benzie County, net position exceeded liabilities by \$24,319,734 at the close of the most recent fiscal year.

**Benzie County  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current Assets	\$ 8,027,054	\$ 7,168,288	\$ 9,126,882	\$ 8,309,490	\$ 17,153,936	\$ 15,477,778
Capital Assets	11,681,423	10,993,239	4,262,112	3,899,661	15,943,535	14,892,900
<b>Total Assets</b>	<b>\$ 19,708,477</b>	<b>\$ 18,161,527</b>	<b>\$ 13,388,994</b>	<b>\$ 12,209,151</b>	<b>\$ 33,097,471</b>	<b>\$ 30,370,678</b>
Current Liabilities	\$ 1,000,601	\$ 848,213	\$ 905,214	\$ 691,868	\$ 1,905,815	\$ 1,540,081
Noncurrent Liabilities	6,728,174	532,939	143,748	117,319	6,871,922	650,258
<b>Total Liabilities</b>	<b>7,728,775</b>	<b>1,381,152</b>	<b>1,048,962</b>	<b>809,187</b>	<b>8,777,737</b>	<b>2,190,339</b>
<b>Net Position</b>						
Net Investment in						
Capital Assets	4,781,346	10,525,787	4,154,331	3,838,624	8,935,677	14,364,411
Restricted	4,136,832	4,301,211	-	-	4,136,832	4,301,211
Unrestricted	3,061,524	1,953,377	8,185,701	7,561,340	11,247,225	9,514,717
<b>Total Net Position</b>	<b>\$ 11,979,702</b>	<b>\$ 16,780,375</b>	<b>\$ 12,340,032</b>	<b>\$ 11,399,964</b>	<b>\$ 24,319,734</b>	<b>\$ 28,180,339</b>

A large portion of the County’s net position reflects its investment in capital assets (e.g., land, buildings, equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition to the net position invested in capital assets, certain other restrictions on use of net position apply due primarily to legal guidelines. The restricted net position total was \$4,136,832. The remaining balance of unrestricted net position of \$11,247,225 may be used to meet the government's ongoing obligations to citizens and creditors.

**Benzie County  
Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues						
Charges for Services	\$ 2,562,117	\$ 2,533,834	\$ 8,129,260	\$ 7,309,740	\$ 10,691,377	\$ 9,843,574
Operating Grants and Contributions	971,760	2,043,526	-	-	971,760	2,043,526
Capital Grants and Contributions	1,407,598	1,243,903	-	-	1,407,598	1,243,903
General Revenues						
Property Taxes	6,637,724	6,550,882	1,041,707	1,032,469	7,679,431	7,583,351
Investment Earnings - Unrestricted	20,601	23,721	9,183	8,962	29,784	32,683
Other Revenue	120,354	121,380	-	-	120,354	121,380
<b>Total Revenues</b>	<b>11,720,154</b>	<b>12,517,246</b>	<b>9,180,150</b>	<b>8,351,171</b>	<b>20,900,304</b>	<b>20,868,417</b>
Program Expenses						
Legislative	99,239	99,114	-	-	99,239	99,114
Judicial	1,126,728	1,131,148	-	-	1,126,728	1,131,148
General Government	1,655,383	1,583,748	-	-	1,655,383	1,583,748
Public Safety	3,971,875	4,921,468	-	-	3,971,875	4,921,468
Public Works	293,863	273,106	-	-	293,863	273,106
Health and Welfare	1,506,828	2,490,369	-	-	1,506,828	2,490,369
Recreation and Culture	51,145	48,339	-	-	51,145	48,339
Interest Expense - Unallocated	281,749	97,643	-	-	281,749	97,643
Other Expenses	7,647,297	1,363,229	-	-	7,647,297	1,363,229
Medical Care Facility	-	-	6,491,068	6,975,831	6,491,068	6,975,831
Tax Collection	-	-	180,693	172,631	180,693	172,631
Emergency Medical Services	-	-	1,447,957	1,456,040	1,447,957	1,456,040
Sheriff Commissary	-	-	7,084	4,023	7,084	4,023
<b>Total Expenses</b>	<b>16,634,107</b>	<b>12,008,164</b>	<b>8,126,802</b>	<b>8,608,525</b>	<b>24,760,909</b>	<b>20,616,689</b>
Excess (Deficiency)						
Before Transfers	(4,913,953)	509,082	1,053,348	(257,354)	(3,860,605)	251,728
Transfers	113,280	(92,654)	(113,280)	92,654	-	-
<b>Changes in Net Position</b>	<b>(4,800,673)</b>	<b>416,428</b>	<b>940,068</b>	<b>(164,700)</b>	<b>(3,860,605)</b>	<b>251,728</b>
Net Position - Beginning	16,780,375	16,363,947	11,399,964	11,564,664	28,180,339	27,928,611
<b>Net Position - Ending</b>	<b>\$ 11,979,702</b>	<b>\$ 16,780,375</b>	<b>\$ 12,340,032</b>	<b>\$ 11,399,964</b>	<b>\$ 24,319,734</b>	<b>\$ 28,180,339</b>

**Financial Analysis of the Government Funds**

As noted earlier, Benzie County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental funds:* 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 accessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The County’s general fund is the chief operating fund of the County. The County’s ending fund balance for the general fund was \$1,683,895.

**General Fund Budgetary Highlights**

The General Fund realized \$89,351 more in revenues than anticipated for the fiscal year. The General Fund operations also expended \$83,013 less than appropriated. Operating Transfers Out were less than budgeted and resulted in a positive net budget variance of \$212,436.

All of the General Fund services departments expended less than the budgeted amount for departmental operations in 2014. Elected Officials and Department Heads continue to exhibit diligence across the board of keeping within budget parameters or identifying problems before they occur.

Over the course of the year the County Board amended the General Fund budget to reflect adjustments in revenues and expenditures that developed in the year.

**Capital Assets and Debt Administration**

**Capital Assets:**

At September 30, 2014 the County had \$15,943,535 invested in a range of assets. This includes a net increase of \$1,050,635 from last year as additions exceeded depreciation and deletions.

**Benzie County  
Capital Assets  
(net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 5,931,926	\$ 5,931,926	\$ 47,424	\$ 47,424	\$ 5,979,350	\$ 5,979,350
Construction in Progress	-	-	2,357,173	1,886,632	2,357,173	1,886,632
Buildings and Improvements	5,092,188	4,458,969	1,498,516	1,594,385	6,590,704	6,053,354
Land Improvements	66,215	62,546	4,376	5,159	70,591	67,705
Machinery and Equipment	591,094	539,798	354,623	366,061	945,717	905,859
<b>Total</b>	<b>\$ 11,681,423</b>	<b>\$ 10,993,239</b>	<b>\$ 4,262,112</b>	<b>\$ 3,899,661</b>	<b>\$ 15,943,535</b>	<b>\$ 14,892,900</b>

Additional information on the County’s capital assets can be found in Note 4 on pages 31-32 of this report.

**Debt Administration**

At the end of fiscal year 2014, the County had outstanding bond debt in the amount of \$6,775,000. This was due to increasing its bond debt in the amount of \$6,760,000. All bonds are backed by the County’s full faith and credit of the government. The remainder of the County’s debt is comprised of bond premiums, installment loans, compensated absences and OPEB.

The County reduced its bond debt by \$375,000 in principal payments.

**Debt Administration**

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Bonds	\$ 6,775,000	\$ 390,000	\$ -	\$ -	\$ 6,775,000	\$ 390,000
Bond Premium	128,784	-	-	-	128,784	-
Installment Payables	125,077	77,452	107,781	61,037	232,858	138,489
Compensated Absences	143,571	176,521	99,242	86,070	242,813	262,591
<b>Total</b>	<b>\$ 7,172,432</b>	<b>\$ 643,973</b>	<b>\$ 207,023</b>	<b>\$ 147,107</b>	<b>\$ 7,379,455</b>	<b>\$ 791,080</b>

Additional information on the County’s long-term debt can be found in Note 6 on pages 35-37 of this report.

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

Two large capital projects are expected to continue in FY 2014-15, notably construction with the County’s Medical Care Facility (The Maples) and the Point Betsie Lighthouse. These projects will impact two operational departments, notably the Treasurer’s office (who provides grant administration and support to the County Building Authority) and the Building Department (permits and inspections).

Benzie County’s financial challenges are being addressed through a new strategic plan that will eventually provide multi-year budgeting and projections. The County will also establish processes to closely monitor capital and operational expenses. While the fiscal performance in FY 2013-14 was significantly better than expected, the concerns with personal property tax reduction, court reform and state revenue sharing, along with containing operational costs will be diligently monitored.

**Requests for Information**

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Benzie County, 448 Court Place, Beulah, Michigan, 49617.

## **Basic Financial Statements**

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

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 8,567,562	\$ 4,037,752	\$ 12,605,314	\$ 3,347,531
Cash and Equivalents - Restricted	-	128,595	128,595	-
Investments	-	1,004,287	1,004,287	-
Receivables:				
Accounts	334,351	1,110,025	1,444,376	944,737
Taxes	668,501	1,058,637	1,727,138	-
Interest	-	103,316	103,316	-
Notes	-	-	-	151,469
Internal Loans	(1,593,500)	1,593,500	-	-
Prepaid Items	50,140	5,513	55,653	58,364
Due from State	-	-	-	197,015
Due from Governmental Units	-	-	-	40,830
Other Assets	-	85,257	85,257	-
Inventories	-	-	-	447,468
Deferred OPEB	-	-	-	52,891
Capital Assets (Not Depreciated)	5,931,926	2,404,597	8,336,523	1,654,405
Capital Assets (Net of Accumulated Depreciation)	5,749,497	1,857,515	7,607,012	11,378,964
<b>TOTAL ASSETS</b>	<b>\$ 19,708,477</b>	<b>\$ 13,388,994</b>	<b>\$ 33,097,471</b>	<b>\$ 18,273,674</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 333,512	\$ 168,236	\$ 501,748	\$ 559,292
Accrued Liabilities	202,256	161,863	364,119	97,210
Accrued Interest Payable	20,575	-	20,575	-
Due to Others	-	511,840	511,840	-
Due to Governmental Units	-	-	-	638
Unearned Revenue	-	-	-	1,033,737
Advances from State	-	-	-	90,186
Installment Loans - Due within one year	64,258	63,275	127,533	-
Installment Loans - Due in more than one year	60,819	44,506	105,325	-
Bonds Payable - Due within one year	380,000	-	380,000	-
Bonds Payable - Due in more than one year	6,395,000	-	6,395,000	-
Bond Premium - Due in more than one year	128,784	-	128,784	-
Vested Employee Benefits - Due in more than one year	143,571	99,242	242,813	116,425
<b>TOTAL LIABILITIES</b>	<b>7,728,775</b>	<b>1,048,962</b>	<b>8,777,737</b>	<b>1,897,488</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	4,781,346	4,154,331	8,935,677	13,033,369
Restricted	5,343,781	-	5,343,781	2,839,131
Unrestricted	1,854,575	8,185,701	10,040,276	503,686
<b>TOTAL NET POSITION</b>	<b>\$ 11,979,702</b>	<b>\$ 12,340,032</b>	<b>\$ 24,319,734</b>	<b>\$ 16,376,186</b>



# County of Benzie, Michigan

## Statement of Activities Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>								
Legislative	\$ 99,239	\$ -	\$ -	\$ -	\$ (99,239)	\$ -	\$ (99,239)	\$ -
Judicial	1,126,728	270,919	242,244	-	(613,565)	-	(613,565)	-
General Government	1,655,383	525,723	389,758	-	(739,902)	-	(739,902)	-
Public Safety	3,971,875	1,350,528	147,634	-	(2,473,713)	-	(2,473,713)	-
Public Works	293,863	292,146	1,617	-	(100)	-	(100)	-
Health & Welfare	1,506,828	122,711	190,507	470,541	(723,069)	-	(723,069)	-
Recreation & Culture	51,145	90	-	937,057	886,002	-	886,002	-
Interest Expense - Unallocated	281,749	-	-	-	(281,749)	-	(281,749)	-
Other Expenses	7,647,297	-	-	-	(7,647,297)	-	(7,647,297)	-
Total Governmental Activities	16,634,107	2,562,117	971,760	1,407,598	(11,692,632)	-	(11,692,632)	-
<b>Business-type Activities:</b>								
Tax Collection	180,693	792,416	-	-	-	611,723	611,723	-
Emergency Medical Services	1,447,957	740,613	-	-	-	(707,344)	(707,344)	-
Sheriff Commissary	7,084	9,395	-	-	-	2,311	2,311	-
Medical Care Facility	6,491,068	6,586,836	-	-	-	95,768	95,768	-
Total Business-type Activities	8,126,802	8,129,260	-	-	-	2,458	2,458	-
Total Primary Government	\$ 24,760,909	\$ 10,691,377	\$ 971,760	\$ 1,407,598	(11,692,632)	2,458	(11,690,174)	-
<b>Component Units:</b>								
Road Commission	\$ 4,074,203	\$ 1,273,112	\$ 2,928,839	\$ 683,740	-	-	-	811,488
Benzie/Leelanau Health Dept.	2,081,247	553,415	887,071	-	-	-	-	(640,761)
Benzie Transportation Authority	1,822,915	147,733	857,532	48,464	-	-	-	(769,186)
Economic Development Corporation	856,935	7,776	-	-	-	-	-	(849,159)
Total Component Units	8,835,300	1,982,036	4,673,442	732,204	-	-	-	(1,447,618)
Total	\$ 33,596,209	\$ 12,673,413	\$ 5,645,202	\$ 2,139,802	-	-	-	-
<b>General Revenues and Transfers:</b>								
Taxes	-	-	-	-	6,637,724	1,041,707	7,679,431	1,497,953
Appropriations	-	-	-	-	-	-	-	477,298
Investment Earnings (Loss)	-	-	-	-	20,601	9,183	29,784	6,002
Rent	-	-	-	-	120,354	-	120,354	179,371
Other	-	-	-	-	-	-	-	258
Gain (Loss) on Disposal	-	-	-	-	-	-	-	(2,568)
Transfers	-	-	-	-	113,280	(113,280)	-	-
Total General Revenues and Transfers	-	-	-	-	6,891,959	937,610	7,829,569	2,158,314
Changes in Net Position	-	-	-	-	(4,800,673)	940,068	(3,860,605)	710,696
Net Position - Beginning	-	-	-	-	16,780,375	11,399,964	28,180,339	15,665,490
<b>Net Position - Ending</b>	-	-	-	-	<u>\$ 11,979,702</u>	<u>\$ 12,340,032</u>	<u>\$ 24,319,734</u>	<u>\$ 16,376,186</u>

# County of Benzie, Michigan

## Balance Sheet Governmental Funds September 30, 2014

	General	Jail Operations	Capital Project Medical Care Facility Renovation	Debt Service Maples Debt Millage	Nonmajor Governmental Funds	Total
<b>ASSETS:</b>						
Cash and Equivalents - Restricted	\$ 1,171,102	\$ 217,093	\$ 2,791,256	\$ 2,265,379	\$ 2,122,732	\$ 8,567,562
Receivables:						
Accounts	105,165	15,673	-	-	213,513	334,351
Taxes	668,501	-	-	-	-	668,501
Prepaid Items	27,423	13,815	-	-	8,902	50,140
Due from Other Funds	-	-	-	-	9,000	9,000
<b>TOTAL ASSETS</b>	<b>\$ 1,972,191</b>	<b>\$ 246,581</b>	<b>\$ 2,791,256</b>	<b>\$ 2,265,379</b>	<b>\$ 2,354,147</b>	<b>\$ 9,629,554</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 173,442	\$ 20,676	\$ 26,807	\$ -	\$ 112,587	\$ 333,512
Accrued Liabilities	114,854	49,491	-	-	37,911	202,256
Due to Other Funds	-	-	1,557,500	-	45,000	1,602,500
<b>TOTAL LIABILITIES</b>	<b>288,296</b>	<b>70,167</b>	<b>1,584,307</b>	<b>-</b>	<b>195,498</b>	<b>2,138,268</b>
<b>FUND BALANCES:</b>						
Nonspendable	27,423	13,815	-	-	8,902	50,140
Restricted	-	162,599	1,206,949	2,265,379	1,708,854	5,343,781
Committed	143,571	-	-	-	157,383	300,954
Assigned	-	-	-	-	283,510	283,510
Unassigned	1,512,901	-	-	-	-	1,512,901
<b>TOTAL FUND BALANCES</b>	<b>1,683,895</b>	<b>176,414</b>	<b>1,206,949</b>	<b>2,265,379</b>	<b>2,158,649</b>	<b>7,491,286</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,972,191</b>	<b>\$ 246,581</b>	<b>\$ 2,791,256</b>	<b>\$ 2,265,379</b>	<b>\$ 2,354,147</b>	

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

Capital Assets used by Governmental Activities	11,681,423
Long-term Debt Payable for Governmental Activities	(6,900,077)
Bond Premium	(128,784)
Compensated Absences Liability	(143,571)
Accrued Interest Expense	(20,575)
<b>Net position of governmental activities</b>	<b>\$ 11,979,702</b>

# County of Benzie, Michigan

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

	General	Jail Operations	Capital Project Medical Care Facility Renovation	Debt Service Maples Debt Millage	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>						
Taxes	\$ 4,042,316	\$ 992,952	\$ -	\$ 700,256	\$ 902,200	\$ 6,637,724
Licenses & Permits	40,493	-	-	-	-	40,493
Federal Sources	47,749	-	-	-	10,342	58,091
State Sources	610,385	-	-	-	249,978	860,363
Local Sources	-	-	470,541	-	131,616	602,157
Contributions	-	-	-	-	858,747	858,747
Charges for Services	513,714	283,273	-	-	1,221,975	2,018,962
Refunds & Reimbursements	251,737	69,604	-	-	66,523	387,864
Interest & Rentals	21,314	-	2,641	9,365	107,635	140,955
Other Revenue	-	-	10,116	-	104,682	114,798
<b>TOTAL REVENUES</b>	<b>5,527,708</b>	<b>1,345,829</b>	<b>483,298</b>	<b>709,621</b>	<b>3,653,698</b>	<b>11,720,154</b>
<b>EXPENDITURES:</b>						
Legislative	99,239	-	-	-	-	99,239
Judicial	1,107,393	-	-	-	19,335	1,126,728
General Government	1,409,273	-	-	-	87,050	1,496,323
Public Safety	1,080,398	1,810,425	-	-	1,094,400	3,985,223
Public Works	-	-	-	-	293,863	293,863
Health & Welfare	404,205	-	-	-	1,080,788	1,484,993
Recreation & Cultural	7,184	-	-	-	22,256	29,440
Capital Outlay	-	-	6,119,216	-	1,179,584	7,298,800
Debt Service	-	-	-	509,679	128,676	638,355
Other Expenditures	1,280,936	-	53,966	-	-	1,334,902
<b>TOTAL EXPENDITURES</b>	<b>5,388,628</b>	<b>1,810,425</b>	<b>6,173,182</b>	<b>509,679</b>	<b>3,905,952</b>	<b>17,787,866</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>139,080</b>	<b>(464,596)</b>	<b>(5,689,884)</b>	<b>199,942</b>	<b>(252,254)</b>	<b>(6,067,712)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Installment/Bond Proceeds	-	-	6,760,000	-	115,595	6,875,595
Bond Premium	-	-	136,833	-	-	136,833
Operating Transfers In	361,274	320,000	-	-	353,326	1,034,600
Operating Transfers Out	(573,370)	-	-	-	(347,950)	(921,320)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(73,016)</b>	<b>(144,596)</b>	<b>1,206,949</b>	<b>199,942</b>	<b>(131,283)</b>	<b>1,057,996</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>1,756,911</b>	<b>321,010</b>	<b>-</b>	<b>2,065,437</b>	<b>2,289,932</b>	<b>6,433,290</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 1,683,895</b>	<b>\$ 176,414</b>	<b>\$ 1,206,949</b>	<b>\$ 2,265,379</b>	<b>\$ 2,158,649</b>	<b>\$ 7,491,286</b>

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

Net changes in fund balance - total governmental funds \$ 1,057,996

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

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 \$1,061,094 exceeded depreciation (\$372,910) in the current period.

688,184

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

Principal repayments:

Bonds Payable

375,000

Installments Payable

67,970

Proceeds of installment notes, bonds and bond premiums are an other financing source in the governmental funds, in the statement of net position, it increases liabilities.

Bond Premium

(136,833)

Bond Proceeds

(6,760,000)

Installment Proceeds

(115,595)

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:

Accrued Interest on Bonds

(18,394)

Amortization of Bond Premium

8,049

Vested Employee Benefits

32,950

Changes in net position of governmental activities

\$ (4,800,673)

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

	Enterprise Funds				Totals
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	
<b>ASSETS:</b>					
Cash and Equivalents - Unrestricted	\$ 686,057	\$ 2,359,509	\$ 87,101	\$ 905,085	\$ 4,037,752
Cash and Equivalents - Restricted	128,595	-	-	-	128,595
Investments	-	1,004,287	-	-	1,004,287
Receivables:					
Accounts	882,150	38,779	174,596	14,500	1,110,025
Taxes	-	1,058,637	-	-	1,058,637
Interest	-	103,316	-	-	103,316
Due from Other Funds	1,557,500	216,000	-	-	1,773,500
Prepaid Items	-	-	5,513	-	5,513
Other Assets	85,257	-	-	-	85,257
Capital Assets (Not Depreciated)	2,369,597	-	35,000	-	2,404,597
Capital Assets (Net of Accumulated Depreciation)	1,435,479	-	422,036	-	1,857,515
<b>TOTAL ASSETS</b>	<b>\$ 7,144,635</b>	<b>\$ 4,780,528</b>	<b>\$ 724,246</b>	<b>\$ 919,585</b>	<b>\$ 13,568,994</b>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 147,042	\$ -	\$ 20,479	\$ 715	\$ 168,236
Accrued Liabilities	119,510	-	42,353	-	161,863
Due to Others	409,922	101,918	-	-	511,840
Due to Other Funds	-	-	180,000	-	180,000
Vested Employee Benefits - Due in more than one year	99,242	-	-	-	99,242
Installment Payable - Due within one year	-	-	63,275	-	63,275
Installment Payable - Due in more than one year	-	-	44,506	-	44,506
<b>TOTAL LIABILITIES</b>	<b>775,716</b>	<b>101,918</b>	<b>350,613</b>	<b>715</b>	<b>1,228,962</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	3,805,076	-	349,255	-	4,154,331
Unrestricted	2,563,843	4,678,610	24,378	918,870	8,185,701
<b>TOTAL NET POSITION</b>	<b>\$ 6,368,919</b>	<b>\$ 4,678,610</b>	<b>\$ 373,633</b>	<b>\$ 918,870</b>	<b>\$ 12,340,032</b>

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

	Enterprise Funds				Totals
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	
<b>OPERATING REVENUES:</b>					
Taxes & Penalties	\$ 402,525	\$ -	\$ 639,182	\$ -	\$ 1,041,707
Charges for Services	6,551,695	73,038	725,532	513,338	7,863,603
Interest & Rentals	-	215,435	1	-	215,436
Refunds & Reimbursements	-	-	15,080	-	15,080
Other Revenue	35,141	-	-	-	35,141
<b>Total Operating Revenues</b>	<b>6,989,361</b>	<b>288,473</b>	<b>1,379,795</b>	<b>513,338</b>	<b>9,170,967</b>
<b>OPERATING EXPENSES:</b>					
Personal Services	2,953,972	-	1,076,812	15,000	4,045,784
Contractual Services	-	-	44,604	-	44,604
Utilities	152,846	-	29,784	-	182,630
Repair & Maintenance	-	-	9,778	-	9,778
Insurance	-	-	57,075	-	57,075
Other Supplies and Expenses	3,267,655	95	129,813	172,682	3,570,245
Depreciation	116,595	-	95,006	-	211,601
<b>Total Operating Expenses</b>	<b>6,491,068</b>	<b>95</b>	<b>1,442,872</b>	<b>187,682</b>	<b>8,121,717</b>
<b>OPERATING INCOME (LOSS)</b>	<b>498,293</b>	<b>288,378</b>	<b>(63,077)</b>	<b>325,656</b>	<b>1,049,250</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest on Deposits	1,195	7,823	-	165	9,183
Interest & Fiscal Charges	-	-	(5,085)	-	(5,085)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>1,195</b>	<b>7,823</b>	<b>(5,085)</b>	<b>165</b>	<b>4,098</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>499,488</b>	<b>296,201</b>	<b>(68,162)</b>	<b>325,821</b>	<b>1,053,348</b>
Operating Transfers In	-	8,044	-	-	8,044
Operating Transfers Out	-	-	(100,000)	(21,324)	(121,324)
<b>CHANGES IN NET POSITION</b>	<b>499,488</b>	<b>304,245</b>	<b>(168,162)</b>	<b>304,497</b>	<b>940,068</b>
NET POSITION, OCTOBER 1	5,869,431	4,374,365	541,795	614,373	11,399,964
<b>NET POSITION, SEPTEMBER 30</b>	<b>\$ 6,368,919</b>	<b>\$ 4,678,610</b>	<b>\$ 373,633</b>	<b>\$ 918,870</b>	<b>\$ 12,340,032</b>

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

	Enterprise Funds				Totals
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	
<b>Cash and Equivalents - Restricted</b>					
Receipts from Customers	\$ 6,993,042	\$ 600,252	\$ 1,397,547	\$ 498,838	\$ 9,489,679
Payments to Suppliers	(3,582,054)	2,372	(276,998)	(186,992)	(4,043,672)
Payments to Employees	(2,953,972)	-	(1,069,709)	-	(4,023,681)
Internal Activity - Receipts(Payments) with Other Funds	-	-	120,000	-	120,000
Net Cash Provided (Used) by Operating Activities	<u>457,016</u>	<u>602,624</u>	<u>170,840</u>	<u>311,846</u>	<u>1,542,326</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Operating Transfers In	-	8,044	-	-	8,044
Operating Transfers Out	-	-	(100,000)	(21,324)	(121,324)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>-</u>	<u>8,044</u>	<u>(100,000)</u>	<u>(21,324)</u>	<u>(113,280)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of Capital Assets	(6,266)	-	(97,245)	-	(103,511)
Notes Payable Proceeds	-	-	97,260	-	97,260
Principal Payments	-	-	(50,516)	-	(50,516)
Interest Payments	-	-	(5,085)	-	(5,085)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(6,266)</u>	<u>-</u>	<u>(55,586)</u>	<u>-</u>	<u>(61,852)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of Investments	-	(4,572)	-	-	(4,572)
Interest Income	1,195	7,823	-	165	9,183
Net Cash Provided (Used) by Investing Activities	<u>1,195</u>	<u>3,251</u>	<u>-</u>	<u>165</u>	<u>4,611</u>
Net Increase (Decrease) in Cash and Cash Equivalents	451,945	613,919	15,254	290,687	1,371,805
Balances - Beginning of the Year	362,707	1,745,590	71,847	614,398	2,794,542
Balances - End of the Year	<u>\$ 814,652</u>	<u>\$ 2,359,509</u>	<u>\$ 87,101</u>	<u>\$ 905,085</u>	<u>\$ 4,166,347</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 498,293	\$ 288,378	\$ (63,077)	\$ 325,656	\$ 1,049,250
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	116,595	-	95,006	-	211,601
Bad Debts/Loss on Disposal	85,347	-	-	-	85,347
Change in Assets and Liabilities:					
(Increase) Decrease in Assets:					
Accounts Receivable	(45,477)	16,556	17,752	(14,500)	(25,669)
Taxes Receivable	-	151,986	-	-	151,986
Interest Receivable	-	61,104	-	-	61,104
Due from Other Funds	-	82,133	-	-	82,133
Increase (Decrease) in Liabilities:					
Accounts Payable	(39,187)	(495)	(5,944)	690	(44,936)
Accrued Liabilities	25,578	-	7,103	-	32,681
Due to Other Funds	(184,133)	-	120,000	-	(64,133)
Due to Other Governments	-	2,962	-	-	2,962
Net Cash Provided (Used) by Operating Activities	<u>\$ 457,016</u>	<u>\$ 602,624</u>	<u>\$ 170,840</u>	<u>\$ 311,846</u>	<u>\$ 1,542,326</u>

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

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash & Cash Equivalents:	
Unrestricted	<u>\$ 3,551,724</u>
 TOTAL ASSETS	 <u><u>\$ 3,551,724</u></u>
 <b>LIABILITIES:</b>	
Due to Others	<u>\$ 3,551,724</u>
 TOTAL LIABILITIES	 <u><u>\$ 3,551,724</u></u>



# **Component Units**

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	Road Commission	Benzie/ Leelanau District Health Dept.	Benzie Transportation Authority	Economic Development Corporation	Totals
<b>ASSETS:</b>					
Cash & Equivalents - Unrestricted	\$ 3,111,340	\$ 133,549	\$ 66,538	\$ 36,104	\$ 3,347,531
Accounts Receivable	898,894	39,697	5,404	742	944,737
Notes Receivable	-	-	-	151,469	151,469
Due from Governmental Units	-	11,278	29,552	-	40,830
Due from State	-	197,015	-	-	197,015
Inventories	435,614	-	11,854	-	447,468
Prepaid Items	-	40,942	17,422	-	58,364
Deferred OPEB	52,891	-	-	-	52,891
Capital Assets (Not Depreciated)	1,654,405	-	-	-	1,654,405
Capital Assets (Net of Accumulated Depreciation)	9,185,834	13,370	2,179,760	-	11,378,964
<b>TOTAL ASSETS</b>	<b>\$ 15,338,978</b>	<b>\$ 435,851</b>	<b>\$ 2,310,530</b>	<b>\$ 188,315</b>	<b>\$ 18,273,674</b>
<b>LIABILITIES:</b>					
Accounts Payable	\$ 487,736	\$ 18,779	\$ 52,777	\$ -	\$ 559,292
Accrued Liabilities	27,885	27,842	41,483	-	97,210
Unearned Revenue	1,000,000	33,737	-	-	1,033,737
Due to State	638	-	-	-	638
Advances	90,186	-	-	-	90,186
Vested Employee Benefits - Due in more than one year	53,163	63,262	-	-	116,425
<b>TOTAL LIABILITIES</b>	<b>1,659,608</b>	<b>143,620</b>	<b>94,260</b>	<b>-</b>	<b>1,897,488</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	10,840,239	13,370	2,179,760	-	13,033,369
Restricted for County Road	2,839,131	-	-	-	2,839,131
Unrestricted	-	278,861	36,510	188,315	503,686
<b>TOTAL NET POSITION</b>	<b>\$ 13,679,370</b>	<b>\$ 292,231</b>	<b>\$ 2,216,270</b>	<b>\$ 188,315</b>	<b>\$ 16,376,186</b>

County of Benzie, Michigan

**Statement of Activities  
Component Units  
Year Ended September 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Benzie/ Leelanau District Health Dept.	Benzie Transportation Authority	Economic Development Corporation	Total
<b>Road Commission</b>									
Public Works	\$ 4,074,203	\$ 1,273,112	\$ 2,928,839	\$ 683,740	\$ 811,488	\$ -	\$ -	\$ -	\$ 811,488
<b>Benzie/Leelanau District Health Dept.</b>									
Health & Welfare	2,081,247	553,415	887,071	-	-	(640,761)	-	-	(640,761)
<b>Benzie Transportation Authority</b>									
Transportation	1,822,915	147,733	857,532	48,464	-	-	(769,186)	-	(769,186)
<b>Economic Development Corporation</b>									
Public Works	856,935	7,776	-	-	-	-	-	(849,159)	(849,159)
<b>Total Component Units</b>	<u>\$ 8,835,300</u>	<u>\$ 1,982,036</u>	<u>\$ 4,673,442</u>	<u>\$ 732,204</u>	<u>811,488</u>	<u>(640,761)</u>	<u>(769,186)</u>	<u>(849,159)</u>	<u>(1,447,618)</u>
<b>General Revenues:</b>									
County Appropriations					-	477,298	-	-	477,298
Taxes					946,515	-	551,438	-	1,497,953
Investment Earnings					4,486	309	212	995	6,002
Gain (Loss) on Disposal					77	-	(2,645)	-	(2,568)
Rent					-	179,371	-	-	179,371
Other					-	-	258	-	258
<b>Total General Revenues</b>					<u>951,078</u>	<u>656,978</u>	<u>549,263</u>	<u>995</u>	<u>2,158,314</u>
Changes in Net Position					1,762,566	16,217	(219,923)	(848,164)	710,696
Net Position - Beginning					11,916,804	276,014	2,436,193	1,036,479	15,665,490
<b>Net Position - Ending</b>					<u>\$ 13,679,370</u>	<u>\$ 292,231</u>	<u>\$ 2,216,270</u>	<u>\$ 188,315</u>	<u>\$ 16,376,186</u>

## **Notes to Financial Statements**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the County of Benzie, 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 Benzie, Michigan was organized in 1869 and covers an area of approximately 316 square miles with the County Seat located in Beulah, Michigan. The County operates under an elected Board of Commissioners of seven (7) members and provides services, assistance, and care to its residents. As required by U.S. generally accepted accounting principles, these basic financial statements present the County of Benzie (primary government) and its component units. The component units discussed below are included in the reporting entity because of the significance of their operational or financial relationship with the County.

Component Units:

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

**Blended Component Units**

County of Benzie 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 Units**

The component units column in the government-wide financial statements include the financial data of the other component units of the County. The following is a summary of the component units:

County of Benzie Economic Development Corporation – The Corporation is a legally separate non-profit corporation whose primary purpose is to promote economic development in the County of Benzie. The board of the Economic Development Corporation is appointed by the Board of Commissioners. The Corporation’s annual budget is subject to the approval of the Board of Commissioners and is financially accountable to the County.

Benzie County Economic Development Corporation  
P.O. Box 377  
Beulah, Michigan 49617

County of Benzie Road Commission – The members of the governing board of the Road Commission are appointed by the County Commission. 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:

Benzie County Road Commission  
11318 Main Street  
Honor, Michigan 49640

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Benzie – Leelanau District Health Department – The members of the governing body of the Health Department are jointly appointed by the Benzie and Leelanau County Commissions. The Health Department’s operational and capital budgets are not subject to approval or modification by any governmental entity, and it establishes fees for various services and other activities. Complete financial statements of the individual component unit can be obtained from the following:

Benzie – Leelanau Health Department  
6051 Frankfort Hwy, Suite 100  
Benzonia, Michigan 49616

Benzie Transportation Authority – The members of the governing board of the Bus System are appointed by the County Board. The County does not exercise oversight responsibility and does not have accountability of fiscal matters. Complete financial statements of the individual component unit can be obtained from the following:

Benzie Transportation Authority  
14150 Honor Highway  
Beulah, Michigan 49619

**Jointly Governed Organization**

City – County Airport – The City-County Airport Authority, an entity legally separate from the County, is governed by a seven-member board. Two members are appointed from the County; two members are appointed from the City of Frankfort; two members are appointed from Crystal Lake Township, and the seventh member is appointed by the other members.

For financial reporting purposes, the Authority is reported as a separate unit because the Authority can legally issue debt (although it has a letter of understanding with the City of Frankfort that no debt will be issued); levy tax revenue if desired; and adopt and amend its own budget. In the event of the Authority being dissolved, it will be reverted to the City of Frankfort. The Authority operates on a June 30 year end.

**Related Organization**

Manistee – Benzie Mental Health – The Manistee – Benzie Mental Health is governed by a board whose voting majority is appointed by the Manistee County Board of Commissioners.

**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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

Under the term of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**Taxes Receivable – Current or Property Taxes**

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

Although the County of Benzie 2013 ad valorem tax is levied and collectible on December 1, 2013, and 2014 ad valorem tax is levied and collectible on July 1, 2014, it is the County of Benzie'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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The 2013 taxable valuation of the County of Benzie totaled \$1,098,907,858, (not including renaissance zone) on which ad valorem taxes levied consisted of 1.0000 mills for Medical Care Facility Debt and Operations, .6600 mills for Commission on Aging, .9000 mills for Jail Debt and Operations, .0982 mills for Animal Control, .5795 mills for Ambulance Millage, .0600 mills for Soldier Relief, and .1000 mills for the Conservation District. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Fund financial statements as tax revenue.

The July 1, 2014 taxable valuation of County of Benzie totaled \$1,119,687,264, (not including renaissance zone) on which ad valorem taxes levied consisted of 3.5144 mills for the General Fund, this amount is recognized in the General Fund financial statements as revenue.

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

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.

**Jail Operations Fund**

This fund accounts for the operation of the jail.

**Medical Care Facility Renovation Fund**

This fund accounts for a major capital renovations project at the Medical Care Facility.

**Maples Debt Millage**

This fund accounts for the collection of millage funds to repay the bonds issued on the Maples renovations.

The County reports the following major proprietary funds:

**Medical Care Facility**

This fund accounts for the long-term care services provided to the residents of Benzie County.

**Delinquent Tax Fund**

This fund accounts for the collection of delinquent taxes.

**Emergency Medical Services (EMS) Fund**

This fund accounts for ambulance services provided to the citizens of Benzie County.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 fund accounts for the servicing of general long-term debt not financed by proprietary or permanent trust funds.

**Capital Project Fund**

The capital project fund is used to account for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Enterprise Funds**

These funds account for the County's business-type operations that provide services to residents of the County for a fee.

**Agency Funds**

Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Elimination 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1<sup>st</sup> and July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – All inventories, including the cost of supplies, are expensed when purchased. Certain payments to vendors 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 and equipment are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment are depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

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 benefits within one year, except under special circumstances where, with the approval of the Commission, some carry-over may be authorized.

The County’s employment policies provide for sick leave benefits to be earned at the rate of 64 hours applied on January 1st. of each year. Payment for sick time upon separation of employment is disbursed according to the separate union contracts covering sheriff department employees and the government center union employees. The nonunion personnel are paid half of their accumulated sick time.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has no items that qualify for reporting in this category.

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year. The County has \$50,140 in Nonspendable fund balance.
- 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. The County has restricted \$5,343,781 for fund and/or debt specific purposes.
- 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 \$143,571 for vested employee benefits and \$157,383 for special fund purposes.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

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

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

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

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

- a. Each August, 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.
- 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.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)**

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

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

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

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Cash Equivalents -					
Unrestricted	\$ 8,567,562	\$ 4,037,752	\$ 12,605,314	\$ 3,551,724	\$ 3,347,531
Restricted	<u>-</u>	<u>128,595</u>	<u>128,595</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 8,567,562</u>	<u>\$ 4,166,347</u>	<u>\$ 12,733,909</u>	<u>\$ 3,551,724</u>	<u>\$ 3,347,531</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit, and money markets)	\$ 12,732,409	\$ 3,551,724	\$ 3,346,466
Petty Cash and Cash on Hand	<u>1,500</u>	<u>-</u>	<u>1,065</u>
Total	<u>\$ 12,733,909</u>	<u>\$ 3,551,724</u>	<u>\$ 3,347,531</u>

	<u>Fair Value</u>	<u>Years</u>			
		<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More Than 10</u>
Investments:					
Treasury Securities	\$ 1,004,287	\$ 1,004,287	\$ -	\$ -	\$ -
Total Investments	<u>\$ 1,004,287</u>	<u>\$ 1,004,287</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

*Custodial credit risk.* Investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or securities that are in the possession of an outside party.

*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, \$13,789,867 of the County's bank balance of \$17,430,218 was exposed to credit risk because it was uninsured and uncollateralized. \$0 was uninsured and collateralized by the pledging financial institution.

Money market accounts are not rated investments and are not subject to custodial credit risk.

Statutory Authority:

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

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

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

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

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

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

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

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 5,931,926	\$ -	\$ -	\$ 5,931,926
<i>Capital assets being depreciated:</i>				
Buildings and improvements	7,651,153	832,613	-	8,483,766
Land improvements	66,617	8,248	-	74,865
Machinery and equipment	<u>2,026,641</u>	<u>220,233</u>	<u>(27,594)</u>	<u>2,219,280</u>
Subtotal	<u>9,744,411</u>	<u>1,061,094</u>	<u>(27,594)</u>	<u>10,777,911</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(3,192,184)	(199,394)	-	(3,391,578)
Land improvements	(4,071)	(4,579)	-	(8,650)
Machinery and equipment	<u>(1,486,843)</u>	<u>(168,937)</u>	<u>27,594</u>	<u>(1,628,186)</u>
Subtotal	<u>(4,683,098)</u>	<u>(372,910)</u>	<u>27,594</u>	<u>(5,028,414)</u>
Net Capital Assets Being Depreciated	<u>5,061,313</u>	<u>688,184</u>	<u>-</u>	<u>5,749,497</u>
Capital Assets – Net of Depreciation	<u>\$ 10,993,239</u>	<u>\$ 688,184</u>	<u>\$ -</u>	<u>\$ 11,681,423</u>

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

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

Governmental Activities:	
General Government	\$ 196,349
Public Safety	152,356
Health and Welfare	2,500
Recreation and Culture	<u>21,705</u>
 Total Governmental Activities	 <u>\$ 372,910</u>

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<b>Business-type Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 47,424	\$ -	\$ -	\$ 47,424
Construction in progress	<u>1,886,632</u>	<u>470,541</u>	<u>-</u>	<u>2,357,173</u>
Subtotal	<u>1,934,056</u>	<u>470,541</u>	<u>-</u>	<u>2,404,597</u>
<i>Capital assets being depreciated:</i>				
Land improvements	91,661	-	-	91,661
Buildings and improvements	3,906,096	670	-	3,906,766
Machinery and equipment	<u>1,918,344</u>	<u>102,841</u>	<u>-</u>	<u>2,021,185</u>
Subtotal	<u>5,916,101</u>	<u>103,511</u>	<u>-</u>	<u>6,019,612</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(86,502)	(783)	-	(87,285)
Buildings and improvements	(2,311,711)	(96,539)	-	(2,408,250)
Machinery and equipment	<u>(1,552,283)</u>	<u>(114,279)</u>	<u>-</u>	<u>(1,666,562)</u>
Subtotal	<u>(3,950,496)</u>	<u>(211,601)</u>	<u>-</u>	<u>(4,162,097)</u>
Net Capital Assets Being Depreciated	<u>1,965,605</u>	<u>(108,090)</u>	<u>-</u>	<u>1,857,515</u>
Capital Assets – Net of Depreciation	<u>\$ 3,899,661</u>	<u>\$ 362,451</u>	<u>\$ -</u>	<u>\$ 4,262,112</u>

Depreciation expense was charged to the business-type activities as follows:

Business-type Activities:	
Medical Care Facility	\$ 116,595
Emergency Medical Services	<u>95,006</u>
 Total Business-Type Activities	 <u>\$ 211,601</u>



NOTE 4 - CAPITAL ASSETS (Continued)

**BENZIE COUNTY ROAD COMMISSION**

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

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 12,708	\$ -	\$ -	\$ 12,708
Land Improvements	<u>1,641,697</u>	<u>-</u>	<u>-</u>	<u>1,641,697</u>
Subtotal	<u>1,654,405</u>	<u>-</u>	<u>-</u>	<u>1,654,405</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings	1,110,979	12,950	-	1,123,929
Road Equipment	4,409,505	240,135	(34,464)	4,615,176
Shop Equipment	139,996	1,900	-	141,896
Office Equipment	61,108	3,930	-	65,038
Engineer's Equipment	49,040	7,286	-	56,326
Yard and Storage	327,507	-	-	327,507
Infrastructure	<u>11,075,122</u>	<u>1,926,644</u>	<u>(552,190)</u>	<u>12,449,576</u>
Subtotal	<u>17,173,257</u>	<u>2,192,845</u>	<u>(586,654)</u>	<u>18,779,448</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	999,098	23,933	-	1,023,031
Road Equipment	4,271,084	60,846	34,464	4,297,466
Shop Equipment	100,003	8,900	-	108,903
Office Equipment	59,097	1,300	-	60,397
Engineer's Equipment	46,904	2,127	-	49,031
Yard and Storage	236,362	16,027	-	252,389
Infrastructure	<u>3,637,356</u>	<u>717,231</u>	<u>552,190</u>	<u>3,802,397</u>
Subtotal	<u>9,349,904</u>	<u>830,364</u>	<u>586,654</u>	<u>9,593,614</u>
Net Capital Assets Being Depreciated	<u>7,823,353</u>	<u>1,362,481</u>	<u>-</u>	<u>9,185,834</u>
Total Net Capital Assets	<u>\$ 9,477,758</u>	<u>\$ 1,362,481</u>	<u>\$ -</u>	<u>\$ 10,840,239</u>

Depreciation expense was charged to Public Works as follows:

Unallocated	\$ 717,231
Equipment	60,846
Administration	3,427
Other	<u>48,860</u>
Total	<u>\$ 830,364</u>

NOTE 4 - CAPITAL ASSETS (Continued)

**BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT**

Capital asset activity of the Benzie/Leelanau District Health Department for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustments/ Decreases</u>	<u>Ending Balances</u>
<i>Assets being depreciated:</i>				
Other capital assets:				
Equipment & furniture	\$ 38,684	\$ -	\$ -	\$ 38,684
Subtotal	<u>38,684</u>	<u>-</u>	<u>-</u>	<u>38,684</u>
Equipment & furniture	<u>(23,883)</u>	<u>(1,431)</u>	<u>-</u>	<u>(25,314)</u>
Subtotal	<u>(23,883)</u>	<u>(1,431)</u>	<u>-</u>	<u>(25,314)</u>
Net Capital Assets	<u>\$ 14,801</u>	<u>\$ (1,431)</u>	<u>\$ -</u>	<u>\$ 13,370</u>

Depreciation expense was charged to:

Health and Welfare	<u>\$ 1,431</u>
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**BENZIE TRANSPORTATION AUTHORITY**

Capital asset activity of the Benzie Transportation Authority for the current year was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Assets being depreciated:</i>				
Building and improvements	\$ 2,049,404	\$ -	\$ -	\$ 2,049,404
Vehicles	1,624,244	17,604	(2,515)	1,639,333
Shop equipment	81,817	4,000	(2,999)	82,818
Office equipment	<u>89,583</u>	<u>13,250</u>	<u>(14,785)</u>	<u>88,048</u>
Subtotal	<u>3,845,048</u>	<u>34,854</u>	<u>(20,299)</u>	<u>3,859,603</u>
Accumulated depreciation	<u>(1,425,404)</u>	<u>(272,084)</u>	<u>17,645</u>	<u>(1,679,843)</u>
Net Capital Assets	<u>\$ 2,419,644</u>	<u>\$ (237,230)</u>	<u>\$ (2,654)</u>	<u>\$ 2,179,760</u>

Depreciation expense was charged to:

Transportation	<u>\$ 272,084</u>
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**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 Receivable and Payable are as follows:

		<b>DUE FROM OTHER FUNDS</b>			
DUE TO OTHER FUNDS		Nonmajor Governmental	County Medical Care Facility	Delinquent Tax Revolving	Total
		Medical Care Facility Renovation	\$ -	\$ 1,557,500	\$ -
	Nonmajor Governmental	9,000	-	36,000	45,000
	Emergency Medical Services	-	-	180,000	180,000
	<b>Total</b>	<u>\$ 9,000</u>	<u>\$ 1,557,500</u>	<u>\$ 216,000</u>	<u>\$ 1,782,500</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.

		<b>TRANSFERS OUT</b>				
TRANSFERS IN		General	Nonmajor Governmental	Emergency Medical Services	Nonmajor Enterprise	Total
		General	\$ -	\$ 339,950	\$ -	\$ 21,324
	Jail Operations	320,000	-	-	-	320,000
	Nonmajor Governmental	245,326	8,000	100,000	-	353,326
	Delinquent Tax Revolving	8,044	-	-	-	8,044
	<b>Total</b>	<u>\$ 573,370</u>	<u>\$ 347,950</u>	<u>\$ 100,000</u>	<u>\$ 21,324</u>	<u>\$ 1,042,644</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**

**General Obligation Debt**

Governmental activities general obligation debt consists of general obligation bonds of the Building Authority. Business-type activities general obligation debt consists of installment loans for equipment.

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

**Installment Loans**

The County has purchased vehicles and equipment used for governmental activities using commercial notes payable with annual principal payments ranging from \$10,385 to \$19,643, plus interest charges at 3.30% to 8.89%. The business-type activities have purchased two ambulances using commercial notes payable with annual principal payments ranging from \$14,222 to \$31,250, plus interest charged at 4.68% to 4.8%.

General obligation and installment payables debt outstanding is as follows:

	Interest Rate	Principal Matures	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
General Obligation Bonds							
1998 Building							
Authority Bonds	3.60-4.95%	2018	\$ 390,000	\$ -	\$ (75,000)	\$ 315,000	\$ 75,000
2013 Building							
Authority Bonds	3.00-4.00%	2030	-	6,760,000	(300,000)	6,460,000	305,000
Building Authority Bonds							
Premium			-	136,833	(8,049)	128,784	-
Installment Loans payable to							
Financial Institutions, monthly							
installments of \$5,622, secured							
by equipment.							
	2.10- 8.89%	2019	<u>77,452</u>	<u>115,595</u>	<u>(67,970)</u>	<u>125,077</u>	<u>64,258</u>
Total Governmental Activities			<u>\$ 467,452</u>	<u>\$ 7,012,428</u>	<u>\$ (451,019)</u>	<u>\$ 7,028,861</u>	<u>\$ 444,258</u>
<b>Business-Type Activities:</b>							
Installment Loans payable to							
Financial Institutions, monthly							
installments of \$2,852, secured							
by equipment.							
	3.55-4.80%	2019	<u>\$ 61,037</u>	<u>\$ 97,260</u>	<u>\$ (50,516)</u>	<u>\$ 107,781</u>	<u>\$ 63,275</u>
Total Business-Type Activities			<u>\$ 61,037</u>	<u>\$ 97,260</u>	<u>\$ (50,516)</u>	<u>\$ 107,781</u>	<u>\$ 63,275</u>

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

Fiscal:	Governmental Activities Bonds Payable		Governmental Activities Installment Note Payable		Business -type Activities Installment Note Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 380,000	\$ 234,117	\$ 64,258	\$ 3,202	\$ 63,275	\$ 3,733
2016	390,000	221,293	48,609	1,349	33,181	1,043
2017	395,000	208,167	12,210	197	11,325	84
2018	415,000	194,855	-	-	-	-
2019	340,000	180,650	-	-	-	-
2020-2024	1,915,000	741,700	-	-	-	-
2025-2029	2,390,000	395,512	-	-	-	-
2030	<u>550,000</u>	<u>22,000</u>	-	-	-	-
<b>TOTALS</b>	<u>\$ 6,775,000</u>	<u>\$ 2,198,294</u>	<u>\$ 125,077</u>	<u>\$ 4,748</u>	<u>\$ 107,781</u>	<u>\$ 4,860</u>

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

**Vested Employee Benefits – Governmental Activities**

A summary of vested benefits payable at September 30, 2014 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Net Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 176,521	\$ -	\$ (32,950)	\$ 143,571

**Vested Employee Benefits – Business-type Activities**

A summary of vested benefits payable at September 30, 2014 is as follows:

	<u>Beginning Balances</u>	<u>Net Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 86,070	\$ 13,172	\$ -	\$ 99,242

***BENZIE COUNTY ROAD COMMISSION***

A summary of vested benefits payable at September 30, 2014 is as follows:

	<u>Beginning Balances</u>	<u>Net Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 52,198	\$ 965	\$ -	\$ 53,163

***BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT***

The following is a summary of pertinent information concerning the Benzie/Leelanau District Health Department's long-term debt.

	<u>Beginning Balances</u>	<u>Net Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 59,833	\$ 3,429	\$ -	\$ 63,262

**NOTE 7 - RISK MANAGEMENT**

The County is a voluntary member of the Michigan Municipal Risk Management Authority (MMRMA) (the "Authority"). The County makes annual contributions to MMRMA based on actuarial studies using historical data and insurance industry statistics. Such contributions as received by MMRMA are allocated between its general and member retention funds. Economic resources in the MMRMA's general fund are expended or reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the member retention fund are used for loss payments and defense costs up to the members' self-insured retention limits along with certain other member-specific costs.

**NOTE 7 - RISK MANAGEMENT (Continued)**

The Authority has reserved fund balance to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that the County incurs loss in excess of the resources available, the Authority as a whole (i.e. all constituent municipalities) is liable for the excess. In the event that the Pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific Pool's policy year may be subject to special assessments to make up the deficiency. The County has not been informed of any special assessments being required.

In addition, the Authority has accumulated resources to create and fund an internal stop loss fund. The stop loss fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$178,000, net of reinsurance recoveries for any one member in any one year. Aggregate paid losses in excess of \$178,000 net of reinsurance recoveries are paid entirely from the internal stop loss fund. If at any time the stop loss fund is insufficient to fund the County's losses, the remaining liability shall become the responsibility of the Authority as a whole.

At September 30, 2014, the County has funds on deposit of \$178,000 with the Authority and reserves for reported claims of \$178,000. Management has not recorded the net of these amounts in the financial statements, as the amount has been deemed immaterial.

**NOTE 8 - CONTINGENT LIABILITIES**

There are lawsuits pending in which the County is involved. The County estimates that the potential claims against the County not covered by insurance resulting from such litigation would not materially affect the financial statements of the County.

The County participates in a number of federal and state assisted grant programs, which are subject to financial and compliance audits. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

**NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS*****PRIMARY GOVERNMENT***

*Plan Description.* The County participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

*Funding Policy.* The County is required to contribute at an actuarially determined rate; the current rate ranges from 6.19% to 55.74% of annual covered payroll. County employees are required to contribute 0% to 2.30% of their pay to the Plan, depending on the bargaining unit the employee resides under. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

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

*Annual Pension Cost.* For the year ended September 30, 2014, the County’s annual pension cost of \$650,402 for MERS was equal to the County’s required and actual contributions. The required contribution was determined as part of the December 31, 2013 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation and (c) additional projected salary increases of 0.0% to 8.40% per year, depending on age, attributable to seniority/merit. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The County’s unfunded actuarial liability is amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was 26 years.

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 437,455	100%	0
2013	472,864	100%	0
2014	650,402	100%	0

***BENZIE COUNTY ROAD COMMISSION***

*Plan Description.* The Benzie County Road Commission participates in the Michigan Municipal Employees’ Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Commission. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan.

*Funding Policy.* The obligation to contribute and maintain the system for these employees was established by negotiation with the Benzie County Road Commission’s competitive bargaining units and requires a contribution based on gross wages by County Road Commission only. The Commission contributes \$18,723 per month for general employees, \$79 per month for Commissioners and \$5,603 per month for administrative employees. New hires as of July 1, 2011 contribute 5.24% of wages.

*Annual Pension Costs.* For year ended 2014, the Benzie County Road Commission’s pension cost of \$347,293 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as December 31, 2013, using the age normal cost method. Significant actuarial assumptions used include: (i) an 8% investment rate of return; (ii) projected salary increases of 4.5 percent per year. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 26 years.

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

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 308,971	100%	0
2013	339,940	100%	0
2014	347,293	100%	0

***BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT***

*Plan Description* - Benzie/Leelanau District Health Department of Benzie/Leelanau Counties, Michigan participates in an agent multiple-employer public employee pension plan which covers four employees. Employees are covered under a B-3, F-55 plan. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan 48917-9755.

*Funding Policy* – The obligation to contribute and maintain the system for these employees was established by the personnel policy; currently no employee contribution is required.

*Annual Pension Costs* – For year ended 2014, the Health Department’s annual pension cost of \$20,532 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as of December 31, 2013, using the age normal cost method. Significant actuarial assumptions used include: (i) a 8% investment rate of return; (ii) projected salary increases of 4.5 percent per year. Additional projected salary increases of up to 2.5% per year annually after retirement for persons under certain benefit packages. The actuarial value of assets determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 26 years.

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 20,964	100%	0
2013	23,232	100%	0
2014	20,532	100%	0

***BENZIE TRANSPORTATION AUTHORITY***

The Authority employees participate in the Benzie County Transportation Authority retirement plan. A description of that plan follows:

*Description of Plan and Plan Assets* – The Benzie County Transportation Authority is in an agent multiple-employer defined benefit pension plan with the Municipal Employee’s Retirement Systems (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members their beneficiaries. The service requirements are computed using credited service at the time of termination of membership multiplied by the sum of 2.25 percent times the final average compensation (FAC) with a maximum benefit of 80 percent of FAC. The most recent period for which actuarial data was available was for the fiscal year ended December 31, 2013.



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

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

*Annual Pension Cost* – During the fiscal year ended September 30, 2014, the Authority’s contributions totaling \$42,876 were made in accordance with contribution requirements determined by an actuarial valuation of the plan. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 26 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his project benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	\$ 25,308	100%	0
2012	17,232	100%	0
2013	15,264	100%	0

***BENZIE MCF (MAPLES)***

*Plan Description.* The Facility participates in the Municipal Employees’ Retirement System of Michigan (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Benzie County. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917.

*Funding Policy.* The obligation to contribute to and maintain the system for these employees was established in Act No. 427 of the Public Acts of 1984, as amended. Pension expense consists of normal costs of the plan and amortization of prior-service cost over a 10 year period, net of amortization of investment gains over a 10 year period. There are no contribution requirements for the administration open division and the employee contribution is 2.0% for the general employee open division according to the 2013 and 2012 valuations

The Facility’s contributions to the retirement plan amounted to \$178,222, \$199,482, and \$197,477 in 2014, 2013, and 2012, respectively. The actuarially determined contribution requirements have been met based on actuarial valuations performed at December 31, 2013, 2012, and 2011.

Year Ended Dec 31	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 197,477	100%	0
2013	\$ 199,482	100%	0
2014	\$ 178,222	100%	0

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

*Actuarial Methods and Assumptions.* In the December 31, 2013 actuarial valuation, (the most recent valuation), the entry age actuarial cost method was used. Significant actuarial assumptions used include (a) an 8.0% investment rate of return, (b) increase in final average compensation of 4.0%, and (c) no cost of living adjustments. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility over a 10 year period.

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN**

***BENZIE COUNTY ROAD COMMISSION***

The employer provides health insurance for retirees who retire under the Employer’s MERS plan. Coverage is for a period of five years or until the retiree reaches age 65, whichever event occurs first. The retiree is then responsible for the cost of health insurance for his/her spouse and/or children. After the retiree’s eligibility for Employer-paid benefits expires, he/she shall be responsible for the total cost of health insurance.

For any employee who hired prior to June 30, 1993, he/she will, after reaching age 65, receive a 50% contribution for the Commission toward the cost of health insurance, supplemental to Medicare for the retiree and his/her spouse and/or dependent children.

*Plan Description.* The Commission administers a single-employer defined benefit healthcare plan. The Plan provides healthcare insurance for eligible employees and their spouses through the Commission’s group insurance plan which covers both active and retired members. Benefit provisions are established and may be amended by the Board of County Road Commissioners. The Plan provides for the Commission to contribute various percentages of the cost of health insurance premiums for retirees and their spouses. The Plan does not issue a publicly available report.

*Annual OPEB Cost and Net OPEB Obligations.* The Commission’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Commission’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Commission’s net OPEB obligation to the Plan for Plan year ended September 30, 2014.

Annual required contribution	\$ 68,989
Interest on Net OPEB	(4,225)
Adjustments - OPEB obligation	<u>-</u>
Annual OPEB cost	64,764
Contributions made	<u>(57,300)</u>
Increase in net OPEB obligation	7,464
Net OPEB obligation (deferred), beginning of year	<u>(60,355)</u>
Net OPEB obligation (deferred), end of year	<u>\$ (52,891)</u>

**NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)**

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

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/12	\$ 47,254	100.0 %	\$ (30,274)
09/30/13	68,934	100.0 %	(60,355)
09/30/14	64,764	100.0 %	(52,891)

As of September 30, 2014, the actuarial accrued liability for benefits was \$663,980. The covered payroll (annual payroll of active employees covered by the Plan) was \$674,651 and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 66%.

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

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

Assumptions About Employees and Members: Based on the historical average retirement age of the covered group, active plan members were assumed to retire at various ages between 50 and 60 or the first year thereafter in which the member would qualify for benefits. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published in the 2010 United States Life Table. The probability of remaining employed until the assumed retirement age and employees’ expected future working lifetimes were developed using specific age-based turnover data.

Assumptions About Healthcare Costs: The 2013 health insurance premiums for retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums used the National Health Expenditures – Table 3, with an increase to the ultimate rate of 7.0%.

Other Assumptions and Methods: The inflation rate was assumed to be 1.5%. Based on the historical and expected returns of the Commission’s investments, the investment rate of return was assumed to be 7.0%. The value of Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a thirty-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

**NOTE 11 - DEFINED CONTRIBUTION (MONEY PURCHASE) PENSION PLAN**

The Benzie/Leelanau District Health Department contributes to a defined contribution retirement plan administered by the Board of Health with the International City Management Association Retirement Corporation (ICMA), acting as an investment fiduciary.

The Department contributed \$68,934 and employees contributed \$14,355 to the Plan during the year ended September 30, 2014 equal to 10% and 2% respectively of covered payroll.

**NOTE 12 - LEASES**

Building Lease

The County entered into a 20 year lease agreement with the Department of Human Services on November 1, 1999 for the lease of office space within the County complex. The portion of the building covered by this lease has a historic cost of \$299,230 and related carrying value of \$199,699. Future minimum lease payments to be received from the Department of Human Services under the agreement are as follows:

2015	\$	108,636
2016		108,902
2017		108,902
2018		108,902
2019		108,902
2020		<u>9,075</u>
Total	\$	<u>553,319</u>

**NOTE 13 - NET POSITION – RESTRICTIONS**

Net position restrictions can be described as follows:

\$	162,599	Restricted for jail operations
\$	5,344	Restricted for the revenue sharing reserve
\$	2,297,921	Restricted for debt service
\$	1,674,853	Restricted for capital projects
\$	1,203,154	Restricted for fund or grant purposes
\$	2,839,131	Restricted for roads

## **Required Supplementary Information**

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**Pension:**

Three year trend information as of December 31 follows:

***PRIMARY GOVERNMENT***

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 9,542,326	\$ 10,012,377	\$ 10,516,482
Actuarial Accrued Liability	13,158,904	13,812,904	14,360,023
Unfunded AAL	3,616,578	3,800,527	3,843,541
Funded Ratio	73%	73%	73%
Covered Payroll	3,254,356	2,965,091	3,380,057
UAAL as a Percentage of Covered Payroll	111%	128%	114%

***BENZIE COUNTY ROAD COMMISSION***

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 3,049,031	\$ 3,045,578	\$ 3,001,298
Actuarial Accrued Liability	6,856,191	6,965,380	7,178,769
Unfunded AAL	3,807,160	3,919,802	4,177,471
Funded Ratio	44%	44%	42%
Covered Payroll	959,670	979,558	982,094
UAAL as a Percentage of Covered Payroll	397%	400%	425%

***BENZIE/LEELANAU DISTRICT HEALTH DEPARTMENT***

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 563,032	\$ 622,007	\$ 656,600
Actuarial Accrued Liability	551,626	697,575	768,952
Unfunded (Overfunded) AAL	(11,406)	75,568	112,352
Funded Ratio	102%	89%	85%
Covered Payroll	193,649	158,816	168,197
UAAL as a Percentage of Covered Payroll	0%	48%	67%

**Pension: (Continued)**

***BENZIE TRANSPORTATION AUTHORITY***

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 412,782	\$ 494,527	\$ 583,013
Actuarial Accrued Liability	306,144	354,141	413,256
Unfunded (Overfunded) AAL	(106,638)	(140,386)	(169,757)
Funded Ratio	135%	140%	141%
Covered Payroll	571,236	506,644	553,117
UAAL as a Percentage of Covered Payroll	0%	0%	0%

***BENZIE MCF (MAPLES)***

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 6,199,976	\$ 6,421,389	\$ 6,624,466
Actuarial Accrued Liability	6,899,127	7,271,551	7,587,696
Unfunded AAL	699,151	850,162	963,230
Funded Ratio	90%	88%	87%
Covered Payroll	3,343,652	3,326,942	3,041,286
UAAL as a Percentage of Covered Payroll	21%	26%	32%

**Health Benefits:**

***BENZIE COUNTY ROAD COMMISSION***

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) / c)</u>
2006	Not Available	\$ 2,557,488	\$ 2,557,488	0%	Not Available	-
2010	\$ 157,389	\$ 471,514	\$ 314,125	33%	\$ 1,074,578	29%
2013	\$ 219,239	\$ 663,980	\$ 444,741	33%	\$ 674,651	66%

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

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 3,925,875	\$ 3,925,875	\$ 4,042,316	\$ 116,441
Licenses & Permits	38,440	38,440	40,493	2,053
Federal Sources	115,746	121,176	47,749	(73,427)
State Sources	543,499	566,384	610,385	44,001
Charges for Services	539,980	548,354	513,714	(34,640)
Refunds & Reimbursements	98,350	213,128	251,737	38,609
Interest & Rentals	25,000	25,000	21,314	(3,686)
<b>TOTAL REVENUES</b>	<b>5,286,890</b>	<b>5,438,357</b>	<b>5,527,708</b>	<b>89,351</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	91,240	99,247	99,239	8
Judicial:				
Circuit Court	380,117	372,317	350,212	22,105
District Court	311,701	313,013	302,366	10,647
Friend of the Court	132,693	133,112	124,013	9,099
Juvenile Division	103,214	106,545	100,862	5,683
Probate Court	230,013	231,308	229,940	1,368
<b>Total Judicial</b>	<b>1,157,738</b>	<b>1,156,295</b>	<b>1,107,393</b>	<b>48,902</b>
General Government:				
County Administrator	100,500	102,648	100,319	2,329
Elections	53,750	60,540	60,540	-
County Clerk	170,643	168,366	159,550	8,816
Equalization	123,599	124,156	123,594	562
Prosecuting Attorney	196,321	197,897	194,661	3,236
Register of Deeds	127,599	130,494	129,895	599
Treasurer	129,869	121,218	118,665	2,553
Cooperative Extension	44,000	44,201	43,980	221
Legal & Contracted Services	109,000	133,503	133,487	16
Central Services	63,000	51,371	50,777	594
Buildings & Grounds	203,963	232,227	226,911	5,316
Drain Commission	14,092	7,476	7,476	-
Technology Support	48,000	63,023	58,309	4,714
Plat Board	250	130	-	130
Surveyor	1,500	1,109	1,109	-
<b>Total General Government</b>	<b>1,386,086</b>	<b>1,438,359</b>	<b>1,409,273</b>	<b>29,086</b>



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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	839,146	864,124	861,261	2,863
Sheriff Secondary Road Patrol	82,960	68,349	65,987	2,362
Zero Tolerance	43,289	43,303	40,551	2,752
Planning Department	13,000	13,000	12,920	80
Emergency Management	98,965	101,803	99,679	2,124
Total Public Safety	<u>1,077,360</u>	<u>1,090,579</u>	<u>1,080,398</u>	<u>10,181</u>
Health & Welfare:				
Health Department	197,400	232,934	232,372	562
Medical Examiner	18,000	25,133	25,133	-
Mental Health Board	145,412	145,412	145,412	-
Department of Human Services	-	7,200	1,288	5,912
Total Health & Welfare	<u>360,812</u>	<u>410,679</u>	<u>404,205</u>	<u>6,474</u>
Recreation and Culture				
Parks & Recreation	7,200	7,700	7,184	516
Total Recreation and Culture	<u>7,200</u>	<u>7,700</u>	<u>7,184</u>	<u>516</u>
Other Expenditures:				
Medical Insurance	545,000	533,491	533,062	429
Unemployment Insurance	10,000	6,011	4,508	1,503
Worker's Comp Insurance	27,000	42,412	60,396	(17,984)
Insurance & Bonds	42,000	54,695	54,673	22
Social Security	130,000	144,286	142,177	2,109
Retirement Benefits	251,000	383,137	383,137	-
Intergovernmental Cooperation	80,125	99,750	99,750	-
Other Miscellaneous	44,850	5,000	3,233	1,767
Total Other Expenditures	<u>1,129,975</u>	<u>1,268,782</u>	<u>1,280,936</u>	<u>(12,154)</u>
TOTAL EXPENDITURES	<u>5,210,411</u>	<u>5,471,641</u>	<u>5,388,628</u>	<u>83,013</u>
EXCESS OF REVENUES OVER EXPENDITURES	76,479	(33,284)	139,080	172,364
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	339,950	361,274	361,274	-
Operating Transfers Out	(533,059)	(613,442)	(573,370)	40,072
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (116,630)</u>	<u>\$ (285,452)</u>	(73,016)	<u>\$ 212,436</u>
FUND BALANCE, OCTOBER 1			<u>1,756,911</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 1,683,895</u>	

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 985,200	\$ 997,200	\$ 992,952	\$ (4,248)
Charges for Services	257,325	307,325	283,273	(24,052)
Refunds & Reimbursements	8,975	42,979	69,604	26,625
TOTAL REVENUES	<u>1,251,500</u>	<u>1,347,504</u>	<u>1,345,829</u>	<u>(1,675)</u>
EXPENDITURES:				
Public Safety	<u>1,712,658</u>	<u>1,808,662</u>	<u>1,810,425</u>	<u>(1,763)</u>
TOTAL EXPENDITURES	<u>1,712,658</u>	<u>1,808,662</u>	<u>1,810,425</u>	<u>(1,763)</u>
EXCESS OF REVENUES (EXPENDITURES)	(461,158)	(461,158)	(464,596)	(3,438)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>342,512</u>	<u>342,512</u>	<u>320,000</u>	<u>(22,512)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (118,646)</u>	<u>\$ (118,646)</u>	(144,596)	<u>\$ (25,950)</u>
FUND BALANCE, OCTOBER 1			<u>321,010</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 176,414</u>	

## **Other Information**

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Special Revenue Funds

	Sheriff's K-9	Benzie Co. Sheriff Reserve's	Benzie Co. Dive Team	Benzie Co. DARE	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol	Marine Patrol
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 7,466	\$ 172	\$ 407	\$ 1,931	\$ 817	\$ 50,705	\$ 24,641	\$ 12,877
Receivables:								
Accounts	-	-	-	-	-	-	6,120	-
Prepaid Items	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	9,000	-
<b>TOTAL ASSETS</b>	<u>\$ 7,466</u>	<u>\$ 172</u>	<u>\$ 407</u>	<u>\$ 1,931</u>	<u>\$ 817</u>	<u>\$ 50,705</u>	<u>\$ 39,761</u>	<u>\$ 12,877</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 43	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	9,000
<b>TOTAL LIABILITIES</b>	<u>43</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216</u>	<u>9,000</u>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	1,931	-	50,705	39,545	3,877
Committed	-	-	-	-	-	-	-	-
Assigned	<u>7,423</u>	<u>172</u>	<u>407</u>	<u>-</u>	<u>817</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>7,423</u>	<u>172</u>	<u>407</u>	<u>1,931</u>	<u>817</u>	<u>50,705</u>	<u>39,545</u>	<u>3,877</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 7,466</u>	<u>\$ 172</u>	<u>\$ 407</u>	<u>\$ 1,931</u>	<u>\$ 817</u>	<u>\$ 50,705</u>	<u>\$ 39,761</u>	<u>\$ 12,877</u>

	Special Revenue Funds							
	Parks & Rec. Ice Rink	Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Land Reutilization Fund	Remonument- ation Survey Grant	GIS Information System	Animal Control
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 197	\$ 131,951	\$ 69,035	\$ 26,466	\$ 19,122	\$ 29,665	\$ 5,993	\$ 163,447
Receivables:								
Accounts	-	66	9,871	-	-	-	-	-
Prepaid Items	-	518	-	-	-	-	-	739
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 197</u>	<u>\$ 132,535</u>	<u>\$ 78,906</u>	<u>\$ 26,466</u>	<u>\$ 19,122</u>	<u>\$ 29,665</u>	<u>5,993</u>	<u>\$ 164,186</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ 26,361	\$ -	\$ 5,083	\$ -	\$ -	-	\$ 1,020
Accrued Liabilities	-	2,036	-	-	-	-	-	4,185
Due to Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>28,397</u>	<u>-</u>	<u>5,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,205</u>
<b>FUND BALANCES:</b>								
Nonspendable	-	518	-	-	-	-	-	739
Restricted	-	-	78,906	-	-	29,665	-	158,242
Committed	-	-	-	-	-	-	-	-
Assigned	197	103,620	-	21,383	19,122	-	5,993	-
<b>TOTAL FUND BALANCES</b>	<u>197</u>	<u>104,138</u>	<u>78,906</u>	<u>21,383</u>	<u>19,122</u>	<u>29,665</u>	<u>5,993</u>	<u>158,981</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 197</u>	<u>\$ 132,535</u>	<u>\$ 78,906</u>	<u>\$ 26,466</u>	<u>\$ 19,122</u>	<u>\$ 29,665</u>	<u>\$ 5,993</u>	<u>\$ 164,186</u>

	Special Revenue Funds							
	Building Department	Register of Deeds Automation	Homeland Security	Revenue Sharing Reserve	911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training	
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 44,452	\$ 110,976	\$ 2,015	\$ 5,344	\$ 214,054	\$ 16,566	\$ 29,915	\$ 5,755
Receivables:								
Accounts	-	-	-	-	168,313	-	-	-
Prepaid Items	1,856	-	-	-	5,789	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 46,308</u>	<u>\$ 110,976</u>	<u>\$ 2,015</u>	<u>\$ 5,344</u>	<u>\$ 388,156</u>	<u>\$ 16,566</u>	<u>\$ 29,915</u>	<u>\$ 5,755</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 38,793	\$ -	\$ -	\$ -	\$ 21,830	\$ 1,549	\$ -	\$ -
Accrued Liabilities	-	-	-	-	29,298	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>38,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,128</u>	<u>1,549</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>								
Nonspendable	1,856	-	-	-	5,789	-	-	-
Restricted	5,659	-	2,015	5,344	331,239	15,017	29,915	5,755
Committed	-	-	-	-	-	-	-	-
Assigned	-	110,976	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>7,515</u>	<u>110,976</u>	<u>2,015</u>	<u>5,344</u>	<u>337,028</u>	<u>15,017</u>	<u>29,915</u>	<u>5,755</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 46,308</u>	<u>\$ 110,976</u>	<u>\$ 2,015</u>	<u>\$ 5,344</u>	<u>\$ 388,156</u>	<u>\$ 16,566</u>	<u>\$ 29,915</u>	<u>\$ 5,755</u>

	Special Revenue Funds							
	Benzie Criminal Justice Training	Law Library	Commission on Aging	Child Care	Soldier's Relief	Veteran's Trust	CDBG Housing Grant	Light House
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 8,270	\$ 15,289	\$ 350,688	\$ 17,881	\$ 32,424	\$ 13,212	\$ 9,549	\$ 35,999
Receivables:								
Accounts	1,284	-	-	27,644	-	-	-	215
Prepaid Items	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 9,554</u>	<u>\$ 15,289</u>	<u>\$ 350,688</u>	<u>\$ 45,525</u>	<u>\$ 32,424</u>	<u>\$ 13,212</u>	<u>\$ 9,549</u>	<u>\$ 36,214</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ 1,889	\$ -	\$ 12,443	\$ 765	\$ 887	\$ 994	\$ 214
Accrued Liabilities	-	-	-	-	-	-	743	-
Due to Other Funds	-	-	-	-	-	-	-	36,000
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>1,889</u>	<u>-</u>	<u>12,443</u>	<u>765</u>	<u>887</u>	<u>1,737</u>	<u>36,214</u>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	9,554	-	350,688	33,082	31,659	12,325	7,812	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	13,400	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>9,554</u>	<u>13,400</u>	<u>350,688</u>	<u>33,082</u>	<u>31,659</u>	<u>12,325</u>	<u>7,812</u>	<u>-</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 9,554</u>	<u>\$ 15,289</u>	<u>\$ 350,688</u>	<u>\$ 45,525</u>	<u>\$ 32,424</u>	<u>\$ 13,212</u>	<u>\$ 9,549</u>	<u>\$ 36,214</u>

# County of Benzie, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2014

	Special Revenue Fund	Debt Service Fund	Capital Project Funds					Totals
	Brownfield Redevelopment Authority	Government Center Addition	Jail Reserve	Capital Improvements	Railroad Point	Equipment Replacement	Building Authority	
<b>ASSETS:</b>								
Cash & Equivalents - Unrestricted	\$ 5,888	\$ 32,627	\$ 449,533	\$ 6,745	\$ 13,583	\$ 150,638	\$ 6,437	\$ 2,122,732
Receivables:								
Accounts	-	-	-	-	-	-	-	213,513
Prepaid Items	-	-	-	-	-	-	-	8,902
Due from Other Funds	-	-	-	-	-	-	-	9,000
<b>TOTAL ASSETS</b>	<u>\$ 5,888</u>	<u>\$ 32,627</u>	<u>\$ 449,533</u>	<u>\$ 6,745</u>	<u>\$ 13,583</u>	<u>\$ 150,638</u>	<u>\$ 6,437</u>	<u>\$ 2,354,147</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 325	\$ 175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112,587
Accrued Liabilities	-	-	-	-	-	-	1,649	37,911
Due to Other Funds	-	-	-	-	-	-	-	45,000
<b>TOTAL LIABILITIES</b>	<u>325</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,649</u>	<u>195,498</u>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	8,902
Restricted	5,563	32,452	449,533	-	13,583	-	4,788	1,708,854
Committed	-	-	-	6,745	-	150,638	-	157,383
Assigned	-	-	-	-	-	-	-	283,510
<b>TOTAL FUND BALANCES</b>	<u>5,563</u>	<u>32,452</u>	<u>449,533</u>	<u>6,745</u>	<u>13,583</u>	<u>150,638</u>	<u>4,788</u>	<u>2,158,649</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,888</u>	<u>\$ 32,627</u>	<u>\$ 449,533</u>	<u>\$ 6,745</u>	<u>\$ 13,583</u>	<u>\$ 150,638</u>	<u>\$ 6,437</u>	<u>\$ 2,354,147</u>



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

	Special Revenue Funds							
	Sheriff's K-9	Benzie Co. Sheriff Reserve's	Benzie Co. Dive Team	Benzie Co. DARE	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol	Marine Patrol
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	14,637
Local Sources	-	-	-	-	-	-	16,067	2,900
Charges for Services	-	-	-	-	-	2,370	-	26
Refunds & Reimbursements	-	-	-	-	-	-	-	-
Interest & Rentals	-	-	-	-	-	95	-	-
Contributions	7,964	-	-	-	2,171	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>7,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,171</b>	<b>2,465</b>	<b>16,067</b>	<b>17,563</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	6,682	1,244	76	-	1,617	-	48,794	17,592
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Recreation & Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,682</b>	<b>1,244</b>	<b>76</b>	<b>-</b>	<b>1,617</b>	<b>-</b>	<b>48,794</b>	<b>17,592</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,282</b>	<b>(1,244)</b>	<b>(76)</b>	<b>-</b>	<b>554</b>	<b>2,465</b>	<b>(32,727)</b>	<b>(29)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Installment Proceeds	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	17,320
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,282</b>	<b>(1,244)</b>	<b>(76)</b>	<b>-</b>	<b>554</b>	<b>2,465</b>	<b>(32,727)</b>	<b>17,291</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>6,141</b>	<b>1,416</b>	<b>483</b>	<b>1,931</b>	<b>263</b>	<b>48,240</b>	<b>72,272</b>	<b>(13,414)</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 7,423</b>	<b>\$ 172</b>	<b>\$ 407</b>	<b>\$ 1,931</b>	<b>\$ 817</b>	<b>\$ 50,705</b>	<b>\$ 39,545</b>	<b>\$ 3,877</b>

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

	Special Revenue Funds							
	Parks & Rec. Ice Rink	Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Land Reutilization Fund	Remonument- ation Survey Grant	GIS Information System	Animal Control
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,230
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	9,871	-	-	24,781	-	-
Local Sources	2,600	500	83,041	-	-	-	-	-
Charges for Services	-	268,701	-	21,059	17,750	-	1,214	15,317
Refunds & Reimbursements	-	2,386	-	-	10	-	-	2,167
Interest & Rentals	-	-	-	-	-	-	-	-
Contributions	4,015	1,117	-	-	-	-	-	6,064
Other Revenue	-	-	-	-	-	-	-	3
<b>TOTAL REVENUES</b>	<b>6,615</b>	<b>272,704</b>	<b>92,912</b>	<b>21,059</b>	<b>17,760</b>	<b>24,781</b>	<b>1,214</b>	<b>131,781</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	24,485	26,819	-	-
Public Safety	-	-	-	-	-	-	-	123,768
Public Works	-	276,631	-	17,232	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Recreation & Cultural	7,530	-	14,512	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>7,530</b>	<b>276,631</b>	<b>14,512</b>	<b>17,232</b>	<b>24,485</b>	<b>26,819</b>	<b>-</b>	<b>123,768</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(915)</b>	<b>(3,927)</b>	<b>78,400</b>	<b>3,827</b>	<b>(6,725)</b>	<b>(2,038)</b>	<b>1,214</b>	<b>8,013</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Installment Proceeds	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	20,000
Operating Transfers Out	-	-	-	-	-	-	-	(8,000)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(915)</b>	<b>(3,927)</b>	<b>78,400</b>	<b>3,827</b>	<b>(6,725)</b>	<b>(2,038)</b>	<b>1,214</b>	<b>20,013</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>1,112</b>	<b>108,065</b>	<b>506</b>	<b>17,556</b>	<b>25,847</b>	<b>31,703</b>	<b>4,779</b>	<b>138,968</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 197</b>	<b>\$ 104,138</b>	<b>\$ 78,906</b>	<b>\$ 21,383</b>	<b>\$ 19,122</b>	<b>\$ 29,665</b>	<b>\$ 5,993</b>	<b>\$ 158,981</b>

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

	Special Revenue Funds							
	Building Department	Register of Deeds Automation	Homeland Security	Revenue Sharing Reserve	911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training	Sheriff Forfeiture
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	10,068	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	233,344	25,720	-	-	631,387	-	5,087	-
Refunds & Reimbursements	1,520	-	-	-	20,451	-	-	-
Interest & Rentals	-	215	-	429	-	-	-	-
Contributions	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>234,864</b>	<b>25,935</b>	<b>-</b>	<b>429</b>	<b>651,838</b>	<b>10,068</b>	<b>5,087</b>	<b>-</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	35,746	-	-	-	-	-	-
Public Safety	232,642	-	2,256	-	634,552	10,902	9,226	1,315
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-
Recreation & Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>232,642</b>	<b>35,746</b>	<b>2,256</b>	<b>-</b>	<b>634,552</b>	<b>10,902</b>	<b>9,226</b>	<b>1,315</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,222</b>	<b>(9,811)</b>	<b>(2,256)</b>	<b>429</b>	<b>17,286</b>	<b>(834)</b>	<b>(4,139)</b>	<b>(1,315)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Installment Proceeds	-	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	(339,950)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,222</b>	<b>(9,811)</b>	<b>(2,256)</b>	<b>(339,521)</b>	<b>17,286</b>	<b>(834)</b>	<b>(4,139)</b>	<b>(1,315)</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>5,293</b>	<b>120,787</b>	<b>4,271</b>	<b>344,865</b>	<b>319,742</b>	<b>15,851</b>	<b>34,054</b>	<b>7,070</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 7,515</b>	<b>\$ 110,976</b>	<b>\$ 2,015</b>	<b>\$ 5,344</b>	<b>\$ 337,028</b>	<b>\$ 15,017</b>	<b>\$ 29,915</b>	<b>\$ 5,755</b>

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

	Special Revenue Funds							
	Benzie Criminal Justice Training	Law Library	Commission on Aging	Child Care	Soldier's Relief	Veteran's Trust	CDBG Housing Grant	Light House
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ 727,885	\$ -	\$ 66,085	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	146,791	-	43,616	-	214
Local Sources	2,492	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Refunds & Reimbursements	-	-	-	12,916	-	-	-	-
Interest & Rentals	-	-	333	-	-	-	133	-
Contributions	-	-	-	-	100	-	-	832,613
Other Revenue	-	5,000	-	-	-	-	2,434	-
<b>TOTAL REVENUES</b>	<b>2,492</b>	<b>5,000</b>	<b>728,218</b>	<b>159,707</b>	<b>66,185</b>	<b>43,616</b>	<b>2,567</b>	<b>832,827</b>
<b>EXPENDITURES:</b>								
Judicial	-	19,335	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	1,280	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health & Welfare	-	-	711,572	258,694	55,018	38,067	-	-
Recreation & Cultural	-	-	-	-	-	-	-	214
Capital Outlay	-	-	-	-	-	-	-	832,613
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,280</b>	<b>19,335</b>	<b>711,572</b>	<b>258,694</b>	<b>55,018</b>	<b>38,067</b>	<b>-</b>	<b>832,827</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>1,212</b>	<b>(14,335)</b>	<b>16,646</b>	<b>(98,987)</b>	<b>11,167</b>	<b>5,549</b>	<b>2,567</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Installment Proceeds	-	-	-	-	-	-	-	-
Operating Transfers In	-	15,000	-	100,000	-	-	-	1,308
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>1,212</b>	<b>665</b>	<b>16,646</b>	<b>1,013</b>	<b>11,167</b>	<b>5,549</b>	<b>2,567</b>	<b>1,308</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>8,342</b>	<b>12,735</b>	<b>334,042</b>	<b>32,069</b>	<b>20,492</b>	<b>6,776</b>	<b>5,245</b>	<b>(1,308)</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 9,554</b>	<b>\$ 13,400</b>	<b>\$ 350,688</b>	<b>\$ 33,082</b>	<b>\$ 31,659</b>	<b>\$ 12,325</b>	<b>\$ 7,812</b>	<b>\$ -</b>

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

	Special Revenue Fund	Debt Service Fund	Capital Project Funds					Totals
	Brownfield Redevelopment Authority	Government Center Addition	Jail Reserve	Capital Improvements	Railroad Point	Equipment Replacement	Building Authority	
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 902,200
Federal Sources	-	-	-	-	-	10,342	-	10,342
State Sources	-	-	-	-	-	-	-	249,978
Local Sources	-	-	-	-	-	24,016	-	131,616
Charges for Services	-	-	-	-	-	-	-	1,221,975
Refunds & Reimbursements	-	-	2,682	-	-	24,391	-	66,523
Interest & Rentals	-	105,711	719	-	-	-	-	107,635
Contributions	-	-	-	-	4,703	-	-	858,747
Other Revenue	-	-	-	-	-	97,245	-	104,682
<b>TOTAL REVENUES</b>	<b>-</b>	<b>105,711</b>	<b>3,401</b>	<b>-</b>	<b>4,703</b>	<b>155,994</b>	<b>-</b>	<b>3,653,698</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	19,335
General Government	-	-	-	-	-	-	-	87,050
Public Safety	-	-	-	-	-	-	2,454	1,094,400
Public Works	-	-	-	-	-	-	-	293,863
Health & Welfare	17,437	-	-	-	-	-	-	1,080,788
Recreation & Cultural	-	-	-	-	-	-	-	22,256
Capital Outlay	-	-	19,818	-	1,224	325,929	-	1,179,584
Debt Service	-	105,860	-	-	-	22,816	-	128,676
<b>TOTAL EXPENDITURES</b>	<b>17,437</b>	<b>105,860</b>	<b>19,818</b>	<b>-</b>	<b>1,224</b>	<b>348,745</b>	<b>2,454</b>	<b>3,905,952</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(17,437)</b>	<b>(149)</b>	<b>(16,417)</b>	<b>-</b>	<b>3,479</b>	<b>(192,751)</b>	<b>(2,454)</b>	<b>(252,254)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Installment Proceeds	-	-	-	-	-	115,595	-	115,595
Operating Transfers In	23,000	-	-	-	-	173,100	3,598	353,326
Operating Transfers Out	-	-	-	-	-	-	-	(347,950)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>5,563</b>	<b>(149)</b>	<b>(16,417)</b>	<b>-</b>	<b>3,479</b>	<b>95,944</b>	<b>1,144</b>	<b>(131,283)</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>-</b>	<b>32,601</b>	<b>465,950</b>	<b>6,745</b>	<b>10,104</b>	<b>54,694</b>	<b>3,644</b>	<b>2,289,932</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 5,563</b>	<b>\$ 32,452</b>	<b>\$ 449,533</b>	<b>\$ 6,745</b>	<b>\$ 13,583</b>	<b>\$ 150,638</b>	<b>\$ 4,788</b>	<b>\$ 2,158,649</b>

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

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
<b>ASSETS:</b>				
Cash and Equivalents -Unrestricted	\$ 57,660	\$ 836,833	\$ 10,592	\$ 905,085
Accounts Receivable	-	14,500	-	14,500
<b>TOTAL ASSETS</b>	<b>\$ 57,660</b>	<b>\$ 851,333</b>	<b>\$ 10,592</b>	<b>\$ 919,585</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ 715	\$ -	\$ 715
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>715</b>	<b>-</b>	<b>715</b>
<b>NET POSITION:</b>				
Unrestricted	57,660	850,618	10,592	918,870
<b>TOTAL NET POSITION</b>	<b>\$ 57,660</b>	<b>\$ 850,618</b>	<b>\$ 10,592</b>	<b>\$ 918,870</b>

# County of Benzie, Michigan

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

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ -	\$ 503,943	\$ 9,395	\$ 513,338
<b>TOTAL OPERATING REVENUES</b>	<b>-</b>	<b>503,943</b>	<b>9,395</b>	<b>513,338</b>
<b>OPERATING EXPENSES:</b>				
Personal Services	-	15,000	-	15,000
Other Supplies and Expenses	1,165	164,433	7,084	172,682
<b>Total Operating Expenses</b>	<b>1,165</b>	<b>179,433</b>	<b>7,084</b>	<b>187,682</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,165)</b>	<b>324,510</b>	<b>2,311</b>	<b>325,656</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	-	165	-	165
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(1,165)</b>	<b>324,675</b>	<b>2,311</b>	<b>325,821</b>
Transfer Out	-	(21,324)	-	(21,324)
<b>CHANGES IN NET POSITION</b>	<b>(1,165)</b>	<b>303,351</b>	<b>2,311</b>	<b>304,497</b>
NET POSITION, OCTOBER 1	58,825	547,267	8,281	614,373
<b>NET POSITION, SEPTEMBER 30</b>	<b>\$ 57,660</b>	<b>\$ 850,618</b>	<b>\$ 10,592</b>	<b>\$ 918,870</b>

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

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received From Customers or Users	\$ -	\$ 489,443	\$ 9,395	\$ 498,838
Cash Payments to Suppliers	(1,165)	(178,743)	(7,084)	(186,992)
Net Cash Provided (Used) by Operating Activities	(1,165)	310,700	2,311	311,846
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Operating Transfers Out	-	(21,324)	-	(21,324)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	-	(21,324)	-	(21,324)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	-	165	-	165
Net Cash Provided (Used) by Investing Activities	-	165	-	165
Net Increase (Decrease) in Cash	(1,165)	289,541	2,311	290,687
Cash and Equivalents at Beginning of Year	58,825	547,292	8,281	614,398
<b>Cash and Equivalents at End of Year</b>	<b>\$ 57,660</b>	<b>\$ 836,833</b>	<b>\$ 10,592</b>	<b>\$ 905,085</b>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (1,165)	\$ 324,510	\$ 2,311	\$ 325,656
Changes in Assets and Liabilities:				
Decrease (Increase) in Assets:				
Accounts Receivable	-	(14,500)	-	(14,500)
(Decrease) Increase in Liabilities:				
Accounts Payable	-	690	-	690
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,165)</b>	<b>\$ 310,700</b>	<b>\$ 2,311</b>	<b>\$ 311,846</b>



## **Report on Compliance**

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

**KINROSS OFFICE**

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

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

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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**

Members of the Board of Commissioners  
County of Benzie, Michigan  
448 Court Place  
Beulah, Michigan 49617

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Benzie, Michigan as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Benzie, Michigan's basic financial statements and have issued our report thereon dated March 26, 2015. Our report includes a reference to other auditors who audited the financial statements of the Benzie Transportation Authority, a discretely presented component unit, and the Medical Care Facility, a business-type activity, as described in our report on the County of Benzie, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the Medical Care Facility were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

Members of the Board of Commissioners  
County of Benzie, Michigan

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Benzie, 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 Benzie, Michigan's Response to Findings**

The County of Benzie, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The County of Benzie, 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 26, 2015

**Internal Control Over Financial Reporting**

*Significant Deficiencies*

**Inability of Management to Prepare the Financial Statements in Accordance with Generally Accepted Accounting Principles**

*Finding 2014-001*

Specific Requirement: Establishment and maintenance of internal control over the financial reporting process as defined by Statement on Auditing Standards Number 115.

Criteria: Internal controls should be in place to provide reasonable assurance to the County that management reports financial statements necessary to monitor and report annual and interim financial activity without auditor intervention.

Condition: Personnel responsible for financial reporting are not monitoring and reporting interim or annual financial activity without auditor intervention.

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 review and implement the necessary education and procedural activities to monitor and report annual financial activity.

Corrective Action Planned: The Administrator's office intends to work through the Board's Finance Committee to identify and lay out requirements for regular financial reporting.

- Contact Person(s) Responsible for Correction:  
Karl Sparks, County Administrator

## **Additional Information**

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COUNTY OF BENZIE, MICHIGAN

ADDITIONAL INFORMATION

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**CERTIFIED PUBLIC ACCOUNTANTS**

**KINROSS OFFICE**

PHILLIP J. WOLF, CPA, PRINCIPAL  
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ROBERT L. HASKE, CPA  
AMBER N. MACK, CPA, EA

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

Members of the Board of Commissioners  
County of Benzie, Michigan  
448 Court Place  
Beulah, Michigan 49617

Our report on our audit of the basic financial statements of the County of Benzie, Michigan, as of and for the year ended September 30, 2014, appears on page 1. That audit was conducted for the purpose of forming opinions 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 & Company, PLC**  
**Certified Public Accountants**  
**Kincheloe, Michigan**

March 26, 2015

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

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

1. \$1,265,000 1998 Building Authority Bonds.
2. \$6,760,000 2013 Building Authority Bonds

**NOTE 2 - TABLES:**

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12:

**A. State Equalized Valuation:**

	50% of True Value	
2014	\$	1,516,760,157
2013		1,455,041,795
2012		1,446,019,671
2011		1,488,154,893
2010		1,570,440,129
2009		1,771,098,199
2008		1,761,437,891
2007		1,731,154,154
2006		1,630,247,547
2005		1,487,297,079

Source: Benzie County

**B. Taxable Valuation:**

2014	\$	1,131,377,921
2013		1,110,839,737
2012		1,099,298,583
2011		1,088,756,179
2010		1,097,564,619
2009		1,066,749,869
2008		1,063,669,558
2007		1,009,191,871
2006		943,504,468
2005		871,219,780

Source: Benzie County



**NOTE 2 - TABLES: (Continued)**

<u>2014 Breakdown by Use</u>	
Residential	89.7%
Commercial	5.6%
Industrial	.3%
Personal Property	2.7%
Agricultural	1.6%
Timber-Cutover	<u>.1%</u>
 TOTAL	 100.00%

  

<u>2014 Breakdown by Class</u>	
Real	97.3%
Personal	<u>2.7%</u>
 TOTAL	 100.00%

Source: Benzie County

**C. County Tax Rates & Levies:**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
County Operating	3.5144	3.5144	3.5144	3.5144	3.5144
County Operating*	3.5913	3.4977	2.4977	2.4617	2.9379
Voted County (Jail)	<u>0.9000</u>	<u>0.9000</u>	<u>0.9000</u>	<u>0.9000</u>	<u>0.9000</u>
TOTAL COUNTY	8.0057	7.9121	6.9121	6.8761	7.3523
Traverse Bay Area I/S/D	<u>2.9312</u>	<u>2.9312</u>	<u>2.9312</u>	<u>2.9312</u>	<u>2.9312</u>
TOTAL ALL JURISDICTIONS	10.9369	10.8433	9.8433	9.8073	10.2835

\*Extra Voted.

The County's authorized operating tax rate is 5.29 mills.

Source: Benzie County

**NOTE 2 - TABLES: (Continued)**

**D. Tax Collection Record:**

County of Benzie 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 December 1 and become delinquent the following March 1.

<u>Year</u>	<u>Tax Levy</u>	<u>Amount</u>	<u>%</u>	<u>%</u>
2014	\$ 37,168,620	\$ 35,224,059	94.76%	100%
2013	36,683,813	34,538,205	94.15%	100%
2012	35,114,232	33,018,137	94.03%	100%
2011	34,501,022	32,246,500	93.46%	100%
2010	33,628,263	31,209,130	92.80%	100%
2009	33,698,452	31,360,953	93.10%	100%
2008	33,743,134	31,405,879	93.10%	100%
2007	32,640,547	30,340,896	93.00%	100%
2006	30,499,318	28,265,988	92.68%	100%
2005	27,799,725	26,107,645	93.91%	100%

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

Source: Benzie County

**E. General Fund Revenues and Expenditures:**

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues & Transfers In	\$ 5,888,982	\$ 5,823,279	\$ 5,701,822	\$ 5,567,265
Expenditures & Transfers Out	<u>5,961,998</u>	<u>5,534,186</u>	<u>(5,463,467)</u>	<u>(5,356,773)</u>
Revenues over(under) expenditures	(73,016)	289,093	238,355	210,492
Beginning Fund Balance	<u>1,756,911</u>	<u>1,467,818</u>	<u>1,229,463</u>	<u>1,018,971</u>
ENDING FUND BALANCE	<u>\$ 1,683,895</u>	<u>\$ 1,756,911</u>	<u>\$ 1,467,818</u>	<u>\$ 1,229,463</u>

Source: Benzie County

**NOTE 2 - TABLES: (Continued)**

**F. Debt Statement:**

	<u>Gross</u>	<u>Net</u>
Direct Debt of County:		
Building Authority	<u>\$ 6,775,000</u>	<u>\$ 6,775,000</u>
Per Capita County Net Direct Debt		\$ 388.74
Percent County Net Direct Debt to 2014 TV		0.60%
 OVERLAPPING DEBT OF COUNTY:		
School Districts		\$ 11,387,162
Cities		955,000
Townships		-
Villages		802,000
Intermediate School Districts		<u>-</u>
Net Overlapping Debt		<u>\$ 13,144,162</u>
Net County and Overlapping Debt		<u>\$ 19,919,162</u>
Per Capita County Net Direct and Overlapping Debt		\$ 1,142.94
Percent Net Direct and Overlapping Debt to 2014 TV		1.77%

Source: County of Benzie and Municipal Advisory Council of Michigan

Note: Estimated population for 2013 is 17,428. Estimated population for 2014 is not available for Benzie County.

Source: Benzie County and Municipal Advisory Council of Michigan



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**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Members of the Board of Commissioners  
County of Benzie, Michigan  
448 Court Place  
Beulah, MI 49617

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Benzie, Michigan for the year ended September 30, 2014, and have issued our report thereon dated March 26, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

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

As stated in our engagement letter dated January 22, 2015, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of County of Benzie, Michigan. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Benzie, Michigan's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis, schedule of funding progress, and budgetary comparison schedules, which supplement(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 dated January 22, 2015.

### **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 Benzie, Michigan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the allowance for uncollectible accounts receivable is based on past experience and future expectations for collection of various account balances and has been determined to be \$11,145.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

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

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

### ***Corrected and Uncorrected Misstatements***

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

### ***Disagreement with Management***

For purposes of this letter, professional standards define a disagreement with management as 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 26, 2015.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us as to determine 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***

#### **Pension Reporting**

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

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

### **Uniform Administrative Requirements**

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

### **Revisions Related to Single Audit Requirements**

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

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

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

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

### **Brownfield**

During testing, it was noted that the Brownfield Redevelopment Authority fund was recorded as fund 690 by the county when it is supposed to be fund 243 per the State of Michigan's chart of accounts. We recommend that the Brownfield be changed from fund 690 to fund 243 to help ensure proper accounting methods.

**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 recommendation, please contact us.

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



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

March 26, 2015