

**County of Benzie, Michigan**

**BASIC FINANCIAL STATEMENTS**

**September 30, 2015**

**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**

COUNTY ADMINISTRATOR	MITCH DEISCH
COUNTY TREASURER	MICHELLE L. THOMPSON
COUNTY CLERK	DAWN OLNEY

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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  
AMBER N. MACK, CPA, PRINCIPAL

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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, 2015, 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, 16 percent, and 16 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, 51 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefits systems and budgetary comparison schedules on pages 4 through 9, pages 62 through 64, and pages 65 through 67 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 4, 2016 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 4, 2016

## **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, 2015. 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 \$17,273,820 for 2015 and was \$24,319,734 for 2014, a decrease of 29%. For 2015, net position for our business-type activities was \$11,236,170 or 65% of total net position, while net position in our governmental activities was \$6,037,650 or 35% of total net position.
- At September 30, 2015, Benzie County's governmental funds report a combined fund balance of \$4,482,653 compared to \$7,491,286 for 2014.
- At September 30, 2015, the fund balance for the general fund was \$1,674,860 with \$17,862 nonspendable for prepaid items and \$117,649 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, 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, deferred outflows of resources 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 21-61 of this report.

**Required Supplementary Information.** Required supplementary information related to the County’s pension and health plans can be found on pages 62-64 and budgetary comparison information related to the County’s major governmental funds can be found on pages 65-67 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 68-82 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 \$17,273,820 at the close of the most recent fiscal year.

**Benzie County  
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current Assets	\$ 5,103,038	\$ 8,027,054	\$ 8,554,436	\$ 9,126,882	\$ 13,657,474	\$ 17,153,936
Capital Assets	11,567,654	11,681,423	4,970,397	4,262,112	16,538,051	15,943,535
Total Assets	16,670,692	19,708,477	13,524,833	13,388,994	30,195,525	33,097,471
Deferred Outflows of Resources	\$ 588,703	\$ -	\$ 325,096	\$ -	\$ 913,799	\$ -
Current Liabilities	\$ 1,083,020	\$ 1,000,601	\$ 793,602	\$ 905,214	\$ 1,876,622	\$ 1,905,815
Noncurrent Liabilities	10,138,725	6,728,174	1,820,157	143,748	11,958,882	6,871,922
Total Liabilities	11,221,745	7,728,775	2,613,759	1,048,962	13,835,504	8,777,737
Net Position						
Net Investment in Capital Assets	5,113,963	4,781,346	4,925,891	4,154,331	10,039,854	8,935,677
Restricted	2,434,982	4,136,832	-	-	2,434,982	4,136,832
Unrestricted	(1,511,295)	3,061,524	6,310,279	8,185,701	4,798,984	11,247,225
Total Net Position	\$ 6,037,650	\$ 11,979,702	\$ 11,236,170	\$ 12,340,032	\$ 17,273,820	\$ 24,319,734

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 \$2,434,982. The remaining balance of unrestricted net position of \$4,798,984 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	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for Services	\$ 2,584,895	\$ 2,562,117	\$ 8,072,943	\$ 8,129,260	\$ 10,657,838	\$ 10,691,377
Operating Grants and Contributions	962,077	971,760	-	-	962,077	971,760
Capital Grants and Contributions	85,314	1,407,598	-	-	85,314	1,407,598
General Revenues						
Property Taxes	6,951,370	6,637,724	1,062,220	1,041,707	8,013,590	7,679,431
State Revenue Sharing	330,905	-	-	-	330,905	-
Investment Earnings - Unrestricted	13,647	20,601	23,131	9,183	36,778	29,784
Other Revenue	137,081	120,354	-	-	137,081	120,354
<b>Total Revenues</b>	<b>11,065,289</b>	<b>11,720,154</b>	<b>9,158,294</b>	<b>9,180,150</b>	<b>20,223,583</b>	<b>20,900,304</b>
Program Expenses						
Legislative	103,021	99,239	-	-	103,021	99,239
Judicial	1,097,149	1,126,728	-	-	1,097,149	1,126,728
General Government	1,819,786	1,655,383	-	-	1,819,786	1,655,383
Public Safety	4,303,613	3,971,875	-	-	4,303,613	3,971,875
Public Works	346,443	293,863	-	-	346,443	293,863
Health and Welfare	1,527,841	1,506,828	-	-	1,527,841	1,506,828
Recreation and Culture	172,766	51,145	-	-	172,766	51,145
Interest Expense - Unallocated	225,613	281,749	-	-	225,613	281,749
Other Expenses	5,509,983	7,647,297	-	-	5,509,983	7,647,297
Medical Care Facility	-	-	5,870,971	6,491,068	5,870,971	6,491,068
Tax Collection	-	-	124,454	180,693	124,454	180,693
Emergency Medical Services	-	-	1,539,178	1,447,957	1,539,178	1,447,957
Sheriff Commissary	-	-	10,153	7,084	10,153	7,084
<b>Total Expenses</b>	<b>15,106,215</b>	<b>16,634,107</b>	<b>7,544,756</b>	<b>8,126,802</b>	<b>22,650,971</b>	<b>24,760,909</b>
Excess (Deficiency)						
Before Transfers	(4,040,926)	(4,913,953)	1,613,538	1,053,348	(2,427,388)	(3,860,605)
Transfers	1,390,018	113,280	(1,390,018)	(113,280)	-	-
<b>Changes in Net Position</b>	<b>(2,650,908)</b>	<b>(4,800,673)</b>	<b>223,520</b>	<b>940,068</b>	<b>(2,427,388)</b>	<b>(3,860,605)</b>
Net Position - Beginning - Restatement	8,688,558	16,780,375	11,012,650	11,399,964	19,701,208	28,180,339
<b>Net Position - Ending</b>	<b>\$ 6,037,650</b>	<b>\$ 11,979,702</b>	<b>\$ 11,236,170</b>	<b>\$ 12,340,032</b>	<b>\$ 17,273,820</b>	<b>\$ 24,319,734</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 \$1,674,860.

**General Fund Budgetary Highlights**

The General Fund realized \$6,805 less in revenues than anticipated for the fiscal year. The General Fund operations also expended \$148,533 less than appropriated. Operating Transfers Out were more than budgeted and resulted in a positive net budget variance of \$135,885.

All of the General Fund services departments expended less than the budgeted amount for departmental operations in 2015. 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, 2015 the County had \$16,538,050 invested in a range of assets. This includes a net increase of \$594,515 from last year as additions exceeded depreciation and deletions.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 5,931,926	\$ 5,931,926	\$ 47,424	\$ 47,424	\$ 5,979,350	\$ 5,979,350
Construction in Progress	-	-	3,241,190	2,357,173	3,241,190	2,357,173
Buildings and Improvements	4,983,091	5,092,188	1,402,786	1,498,516	6,385,877	6,590,704
Land Improvements	60,949	66,215	3,744	4,376	64,693	70,591
Machinery and Equipment	591,688	591,094	275,253	354,623	866,941	945,717
<b>Total</b>	<b>\$ 11,567,654</b>	<b>\$ 11,681,423</b>	<b>\$ 4,970,397</b>	<b>\$ 4,262,112</b>	<b>\$ 16,538,051</b>	<b>\$ 15,943,535</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 2015, the County had outstanding bond debt in the amount of \$6,395,000. This was due to decreasing its bond debt in the amount of \$380,000. 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, OPEB, and net pension obligations.

The County reduced its bond debt by \$380,000 in principal payments.

**Debt Administration**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Bonds	\$ 6,395,000	\$ 6,775,000	\$ -	\$ -	\$ 6,395,000	\$ 6,775,000
Bond Premium	120,735	128,784	-	-	120,735	128,784
Installment Payables	58,691	125,077	44,506	107,781	103,197	232,858
Net Pension Obligation	3,890,038	-	1,716,497	-	5,606,535	-
Compensated Absences	117,649	143,571	92,335	99,242	209,984	242,813
<b>Total</b>	<b>\$ 10,582,113</b>	<b>\$ 7,172,432</b>	<b>\$ 1,853,338</b>	<b>\$ 207,023</b>	<b>\$ 12,435,451</b>	<b>\$ 7,379,455</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 2015-16, 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 2014-15 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, 2015

	Primary Government		Totals	Component Units
	Governmental Activities	Business-type Activities		
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 4,851,267	\$ 4,124,017	\$ 8,975,284	\$ 2,654,242
Cash and Equivalents - Restricted	-	141,178	141,178	-
Investments	-	1,022,859	1,022,859	-
Receivables:				
Accounts	400,175	948,423	1,348,598	801,629
Taxes	790,552	1,126,843	1,917,395	-
Interest	-	103,315	103,315	-
Notes	-	-	-	107,321
Internal Loans	(970,939)	970,939	-	-
Prepaid Items	31,983	3,590	35,573	40,273
Due from State	-	-	-	39,971
Due from Governmental Units	-	-	-	64,662
Other Assets	-	113,272	113,272	-
Inventories	-	-	-	536,268
Net Pension Asset	-	-	-	161,605
Capital Assets (Not Depreciated)	5,931,926	3,288,614	9,220,540	1,654,405
Capital Assets (Net of Accumulated Depreciation)	5,635,728	1,681,783	7,317,511	13,196,447
<b>TOTAL ASSETS</b>	<b>16,670,692</b>	<b>13,524,833</b>	<b>30,195,525</b>	<b>19,256,823</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension Investment Experience and Contributions	\$ 588,703	\$ 325,096	\$ 913,799	\$ 374,756
<b>LIABILITIES:</b>				
Accounts Payable	\$ 373,969	\$ 199,404	\$ 573,373	\$ 59,172
Accrued Liabilities	246,416	174,144	420,560	112,596
Accrued Interest Payable	19,247	-	19,247	-
Due to Others	-	386,873	386,873	-
Unearned Revenue	-	-	-	6,534
Advances from State	-	-	-	102,797
Installment Loans - Due within one year	53,388	33,181	86,569	6,992
Installment Loans - Due in more than one year	5,303	11,325	16,628	118,193
Bonds Payable - Due within one year	390,000	-	390,000	-
Bonds Payable - Due in more than one year	6,005,000	-	6,005,000	-
Bond Premium - Due in more than one year	120,735	-	120,735	-
Other Post Employment Benefits - Due in more than one year	-	-	-	12,396
Net Pension Obligation - Due in more than one year	3,890,038	1,716,497	5,606,535	4,562,814
Vested Employee Benefits - Due in more than one year	117,649	92,335	209,984	117,262
<b>TOTAL LIABILITIES</b>	<b>11,221,745</b>	<b>2,613,759</b>	<b>13,835,504</b>	<b>5,098,756</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	5,113,963	4,925,891	10,039,854	14,725,667
Restricted	2,434,982	-	2,434,982	-
Unrestricted	(1,511,295)	6,310,279	4,798,984	(192,844)
<b>TOTAL NET POSITION</b>	<b>\$ 6,037,650</b>	<b>\$ 11,236,170</b>	<b>\$ 17,273,820</b>	<b>\$ 14,532,823</b>

# County of Benzie, Michigan

## Statement of Activities Year Ended September 30, 2015

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	\$ 103,021	\$ -	\$ -	\$ -	\$ (103,021)	\$ -	\$ (103,021)	\$ -
Judicial	1,097,149	237,695	230,841	-	(628,613)	-	(628,613)	-
General Government	1,819,786	535,536	465,385	-	(818,865)	-	(818,865)	-
Public Safety	4,303,613	1,429,271	160,804	-	(2,713,538)	-	(2,713,538)	-
Public Works	346,443	293,817	11,358	-	(41,268)	-	(41,268)	-
Health and Welfare	1,527,841	88,576	93,689	-	(1,345,576)	-	(1,345,576)	-
Recreation and Culture	172,766	-	-	85,314	(87,452)	-	(87,452)	-
Interest Expense - Unallocated	225,613	-	-	-	(225,613)	-	(225,613)	-
Other Expenses	5,509,983	-	-	-	(5,509,983)	-	(5,509,983)	-
Total Governmental Activities	15,106,215	2,584,895	962,077	85,314	(11,473,929)	-	(11,473,929)	-
<b>Business-type Activities:</b>								
Tax Collection	124,454	599,846	-	-	-	475,392	475,392	-
Emergency Medical Services	1,539,178	891,933	-	-	-	(647,245)	(647,245)	-
Sheriff Commissary	10,153	8,430	-	-	-	(1,723)	(1,723)	-
Medical Care Facility	5,870,971	6,572,734	-	-	-	701,763	701,763	-
Total Business-type Activities	7,544,756	8,072,943	-	-	-	528,187	528,187	-
Total Primary Government	\$ 22,650,971	\$ 10,657,838	\$ 962,077	\$ 85,314	(11,473,929)	528,187	(10,945,742)	-
<b>Component Units:</b>								
Road Commission	\$ 4,229,054	\$ 916,782	\$ 2,182,623	\$ 2,164,562				1,034,913
Benzie/Leelanau Health Dept.	2,334,955	588,401	1,055,953	-				(690,601)
Benzie Transportation Authority	1,648,491	131,845	826,353	113,990				(576,303)
Economic Development Corporation	82,013	5,595	-	-				(76,418)
Total Component Units	8,294,513	1,642,623	4,064,929	2,278,552				(308,409)
Total	\$ 30,945,484	\$ 12,300,461	\$ 5,027,006	\$ 2,363,866				
<b>General Revenues and Transfers:</b>								
Taxes - Real and Personal					6,951,370	1,062,220	8,013,590	1,526,023
Appropriations					-	-	-	521,414
State Revenue Sharing					330,905	-	330,905	-
Investment Earnings (Loss)					13,647	23,131	36,778	864
Rent					137,081	-	137,081	332,214
Other					-	-	-	381
Gain (Loss) on Disposal					-	-	-	51,062
Transfers					1,390,018	(1,390,018)	-	-
Total General Revenues and Transfers					8,823,021	(304,667)	8,518,354	2,431,958
Changes in Net Position					(2,650,908)	223,520	(2,427,388)	2,123,549
Net Position - Beginning - Restated					8,688,558	11,012,650	19,701,208	12,409,274
<b>Net Position - Ending</b>					<b>\$ 6,037,650</b>	<b>\$ 11,236,170</b>	<b>\$ 17,273,820</b>	<b>\$ 14,532,823</b>

County of Benzie, Michigan

**Balance Sheet  
Governmental Funds  
September 30, 2015**

	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	\$ 1,082,903	\$ 126,733	\$ 780,748	\$ 664,710	\$ 2,196,173	\$ 4,851,267
Receivables:						
Accounts	108,617	49,360	-	-	242,198	400,175
Taxes	790,552	-	-	-	-	790,552
Prepaid Items	17,862	8,673	-	-	5,448	31,983
Due from Other Funds	-	-	-	-	9,000	9,000
<b>TOTAL ASSETS</b>	<b>\$ 1,999,934</b>	<b>\$ 184,766</b>	<b>\$ 780,748</b>	<b>\$ 664,710</b>	<b>\$ 2,452,819</b>	<b>\$ 6,082,977</b>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 158,492	\$ 19,548	\$ 107,265	\$ -	\$ 88,664	\$ 373,969
Accrued Liabilities	157,866	54,474	-	-	34,076	246,416
Due to Other Funds	8,716	108,716	673,483	-	189,024	979,939
<b>TOTAL LIABILITIES</b>	<b>325,074</b>	<b>182,738</b>	<b>780,748</b>	<b>-</b>	<b>311,764</b>	<b>1,600,324</b>
<b>FUND BALANCES:</b>						
Nonspendable	17,862	8,673	-	-	5,448	31,983
Restricted	-	-	-	664,710	1,770,272	2,434,982
Committed	117,649	-	-	-	123,877	241,526
Assigned	-	-	-	-	241,458	241,458
Unassigned	1,539,349	(6,645)	-	-	-	1,532,704
<b>TOTAL FUND BALANCES</b>	<b>1,674,860</b>	<b>2,028</b>	<b>-</b>	<b>664,710</b>	<b>2,141,055</b>	<b>4,482,653</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,999,934</b>	<b>\$ 184,766</b>	<b>\$ 780,748</b>	<b>\$ 664,710</b>	<b>\$ 2,452,819</b>	

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

Capital Assets used by Governmental Activities	11,567,654
Long-term Debt Payable for Governmental Activities	(6,453,691)
Bond Premium	(120,735)
Net Pension Obligation and Deferred Outflows	(3,301,335)
Vested Employee Benefits	(117,649)
Accrued Interest Payable	(19,247)
<b>Net position of governmental activities</b>	<b>\$ 6,037,650</b>

**County of Benzie, Michigan**

**Statement of Revenues, Expenditures, and  
Changes in Fund Balance - Governmental Funds  
Year Ended September 30, 2015**

	General	Jail Operations	Capital Project Medical Care Facility Renovation	Debt Service Maples Debt Millage	Nonmajor Governmental Funds	Total
<b>REVENUES:</b>						
Taxes	\$ 4,200,395	\$ 1,012,417	\$ -	\$ 713,662	\$ 1,024,896	\$ 6,951,370
Licenses and Permits	40,347	-	-	-	-	40,347
Federal Sources	48,726	-	-	-	74,326	123,052
State Sources	1,000,848	-	-	-	162,305	1,163,153
Local Sources	-	-	-	-	67,298	67,298
Contributions	-	-	-	-	24,793	24,793
Charges for Services	508,819	203,057	-	-	1,499,329	2,211,205
Refunds and Reimbursements	179,561	36,606	5,627	-	38,387	260,181
Interest and Rentals	36,164	-	1,750	2,842	109,972	150,728
Other Revenue	-	-	-	-	73,162	73,162
<b>TOTAL REVENUES</b>	<b>6,014,860</b>	<b>1,252,080</b>	<b>7,377</b>	<b>716,504</b>	<b>3,074,468</b>	<b>11,065,289</b>
<b>EXPENDITURES:</b>						
Legislative	103,021	-	-	-	-	103,021
Judicial	1,073,339	-	-	-	28,509	1,101,848
General Government	1,480,879	-	-	-	237,838	1,718,717
Public Safety	1,123,452	1,824,046	-	-	1,239,013	4,186,511
Public Works	-	-	-	-	344,019	344,019
Health and Welfare	412,362	-	-	-	1,129,184	1,541,546
Recreation and Cultural	5,434	-	-	-	145,627	151,061
Capital Outlay	-	-	3,891,394	-	308,176	4,199,570
Debt Service	-	-	-	524,122	90,868	614,990
Other Expenditures	1,502,657	-	-	-	-	1,502,657
<b>TOTAL EXPENDITURES</b>	<b>5,701,144</b>	<b>1,824,046</b>	<b>3,891,394</b>	<b>524,122</b>	<b>3,523,234</b>	<b>15,463,940</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>313,716</b>	<b>(571,966)</b>	<b>(3,884,017)</b>	<b>192,382</b>	<b>(448,766)</b>	<b>(4,398,651)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	358,238	397,580	2,677,068	-	462,276	3,895,162
Operating Transfers Out	(680,989)	-	-	(1,793,051)	(31,104)	(2,505,144)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(9,035)</b>	<b>(174,386)</b>	<b>(1,206,949)</b>	<b>(1,600,669)</b>	<b>(17,594)</b>	<b>(3,008,633)</b>
<b>FUND BALANCES, OCTOBER 1</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>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 1,674,860</b>	<b>\$ 2,028</b>	<b>\$ -</b>	<b>\$ 664,710</b>	<b>\$ 2,141,055</b>	<b>\$ 4,482,653</b>

See accompanying notes to financial statements.

Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance of Governmental Funds  
to the Statement of Activities  
Year Ended September 30, 2015

Net changes in fund balance - total governmental funds \$ (3,008,633)

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 depreciation (\$375,066) exceeded capital outlay \$260,674 and gain on disposal of \$623 in the current period. (113,769)

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 380,000  
    Installments Payable 66,386

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:

Pension Expense and Deferred Outflows (10,191)  
Accrued Interest on Bonds 1,328  
Amortization of Bond Premium 8,049  
Vested Employee Benefits 25,922

Changes in net position of governmental activities \$ (2,650,908)

**Statement of Net Position  
Proprietary Funds  
September 30, 2015**

	Enterprise Funds				Totals
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	
<b>ASSETS:</b>					
Cash and Equivalents - Unrestricted	\$ 1,186,081	\$ 2,325,259	\$ 78,053	\$ 534,624	\$ 4,124,017
Cash and Equivalents - Restricted	141,178	-	-	-	141,178
Investments	-	1,022,859	-	-	1,022,859
Receivables:					
Accounts	648,796	38,780	260,847	-	948,423
Taxes	-	1,126,843	-	-	1,126,843
Interest	-	103,315	-	-	103,315
Due from Other Funds	673,483	422,148	-	105,308	1,200,939
Prepaid Items	-	-	3,590	-	3,590
Other Assets	113,272	-	-	-	113,272
Capital Assets (Not Depreciated)	3,253,614	-	35,000	-	3,288,614
Capital Assets (Net of Accumulated Depreciation)	1,323,682	-	358,101	-	1,681,783
<b>TOTAL ASSETS</b>	<b>7,340,106</b>	<b>5,039,204</b>	<b>735,591</b>	<b>639,932</b>	<b>13,754,833</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension Investment Experience and Contributions	\$ 252,335	\$ -	\$ 72,761	\$ -	\$ 325,096
<b>LIABILITIES:</b>					
Accounts Payable	\$ 176,682	\$ -	\$ 22,722	\$ -	\$ 199,404
Accrued Liabilities	131,996	-	42,148	-	174,144
Due to Others	278,208	108,665	-	-	386,873
Due to Other Funds	-	-	230,000	-	230,000
Vested Employee Benefits - Due in more than one year	92,335	-	-	-	92,335
Net Pension Obligation - Due in more than one year	1,235,706	-	480,791	-	1,716,497
Installment Payable - Due within one year	-	-	33,181	-	33,181
Installment Payable - Due in more than one year	-	-	11,325	-	11,325
<b>TOTAL LIABILITIES</b>	<b>1,914,927</b>	<b>108,665</b>	<b>820,167</b>	<b>-</b>	<b>2,843,759</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	4,577,296	-	348,595	-	4,925,891
Unrestricted	1,100,218	4,930,539	(360,410)	639,932	6,310,279
<b>TOTAL NET POSITION</b>	<b>\$ 5,677,514</b>	<b>\$ 4,930,539</b>	<b>\$ (11,815)</b>	<b>\$ 639,932</b>	<b>\$ 11,236,170</b>

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
Year Ended September 30, 2015**

	Enterprise Funds				Totals
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	
<b>OPERATING REVENUES:</b>					
Taxes and Penalties	\$ 410,650	\$ -	\$ 651,570	\$ -	\$ 1,062,220
Charges for Services	6,497,138	81,717	875,521	288,491	7,742,867
Interest and Rentals	-	238,068	-	-	238,068
Refunds and Reimbursements	-	-	7,292	-	7,292
Other Revenue	75,596	-	9,120	-	84,716
Total Operating Revenues	<u>6,983,384</u>	<u>319,785</u>	<u>1,543,503</u>	<u>288,491</u>	<u>9,135,163</u>
<b>OPERATING EXPENSES:</b>					
Personal Services	4,683,767	-	1,192,937	15,225	5,891,929
Contractual Services	-	-	43,459	-	43,459
Utilities	140,056	-	28,105	-	168,161
Repair and Maintenance	-	-	33,545	-	33,545
Insurance	-	-	15,644	-	15,644
Other Supplies and Expenses	935,351	11,475	119,831	107,907	1,174,564
Depreciation	111,797	-	101,924	-	213,721
Total Operating Expenses	<u>5,870,971</u>	<u>11,475</u>	<u>1,535,445</u>	<u>123,132</u>	<u>7,541,023</u>
<b>OPERATING INCOME (LOSS)</b>	<u>1,112,413</u>	<u>308,310</u>	<u>8,058</u>	<u>165,359</u>	<u>1,594,140</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest on Deposits	810	21,723	1	597	23,131
Interest and Fiscal Charges	-	-	(3,733)	-	(3,733)
Total Non-Operating Revenues (Expenses)	<u>810</u>	<u>21,723</u>	<u>(3,732)</u>	<u>597</u>	<u>19,398</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>1,113,223</u>	<u>330,033</u>	<u>4,326</u>	<u>165,956</u>	<u>1,613,538</u>
Operating Transfers In	-	8,044	16,997	-	25,041
Operating Transfers Out	(884,017)	(86,148)	-	(444,894)	(1,415,059)
<b>CHANGES IN NET POSITION</b>	<u>229,206</u>	<u>251,929</u>	<u>21,323</u>	<u>(278,938)</u>	<u>223,520</u>
NET POSITION - BEGINNING - RESTATED	<u>5,448,308</u>	<u>4,678,610</u>	<u>(33,138)</u>	<u>918,870</u>	<u>11,012,650</u>
<b>NET POSITION - ENDING</b>	<u>\$ 5,677,514</u>	<u>\$ 4,930,539</u>	<u>\$ (11,815)</u>	<u>\$ 639,932</u>	<u>\$ 11,236,170</u>

**Statement of Cash Flows  
Proprietary Funds  
Year Ended September 30, 2015**

	Enterprise Funds				Totals
	County Medical Care Facility	Delinquent Tax Revolving	Emergency Medical Services	Nonmajor Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ 7,055,384	\$ 2,288,710	\$ 1,457,252	\$ 197,683	\$ 10,999,029
Payments to Suppliers	(1,021,564)	(2,041,859)	(236,418)	(123,847)	(3,423,688)
Payments to Employees	(4,638,006)	-	(1,191,883)	-	(5,829,889)
Internal Activity - Receipts(Payments) with Other Funds	-	(206,148)	50,000	-	(156,148)
Net Cash Provided (Used) by Operating Activities	<u>1,395,814</u>	<u>40,703</u>	<u>78,951</u>	<u>73,836</u>	<u>1,589,304</u>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Operating Transfers In	-	8,044	16,997	-	25,041
Operating Transfers Out	(884,017)	(86,148)	-	(444,894)	(1,415,059)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	<u>(884,017)</u>	<u>(78,104)</u>	<u>16,997</u>	<u>(444,894)</u>	<u>(1,390,018)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of Capital Assets	-	-	(37,989)	-	(37,989)
Principal Payments	-	-	(63,275)	-	(63,275)
Interest Payments	-	-	(3,733)	-	(3,733)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(104,997)</u>	<u>-</u>	<u>(104,997)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of Investments	-	(18,572)	-	-	(18,572)
Interest Income	810	21,723	1	597	23,131
Net Cash Provided (Used) by Investing Activities	<u>810</u>	<u>3,151</u>	<u>1</u>	<u>597</u>	<u>4,559</u>
Net Increase (Decrease) in Cash and Cash Equivalents	512,607	(34,250)	(9,048)	(370,461)	98,848
Balances - Beginning of the Year	814,652	2,359,509	87,101	905,085	4,166,347
Balances - End of the Year	<u>\$ 1,327,259</u>	<u>\$ 2,325,259</u>	<u>\$ 78,053</u>	<u>\$ 534,624</u>	<u>\$ 4,265,195</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ 1,112,413	\$ 308,310	\$ 8,058	\$ 165,359	\$ 1,594,140
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation	111,797	-	101,924	-	213,721
Loss on Disposal	78,965	-	-	-	78,965
Change in Assets and Liabilities:					
(Increase) Decrease in Assets:					
Accounts Receivable	17,238	-	(86,251)	(90,808)	(159,821)
Prepaid Items	-	-	1,923	-	1,923
Taxes Receivable	-	(68,206)	-	-	(68,206)
Due from Other Funds	-	(206,148)	-	-	(206,148)
Increase (Decrease) in Liabilities:					
Accounts Payable	29,640	-	2,243	(715)	31,168
Accrued Liabilities	45,761	-	1,054	-	46,815
Due to Other Funds	-	-	50,000	-	50,000
Due to Other Governments	-	6,747	-	-	6,747
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,395,814</u>	<u>\$ 40,703</u>	<u>\$ 78,951</u>	<u>\$ 73,836</u>	<u>\$ 1,589,304</u>

**Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2015**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Equivalents:	
Unrestricted	\$ 4,080,156
 TOTAL ASSETS	 <u>\$ 4,080,156</u>
 <b>LIABILITIES:</b>	
Due to Others	\$ 4,080,156
 TOTAL LIABILITIES	 <u>\$ 4,080,156</u>

## **Component Units**

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**Statement of Net Position  
Component Units  
September 30, 2015**

	Road Commission	Benzie/ Leelanau District Health Dept.	Benzie Transportation Authority	Economic Development Corporation	Totals
<b>ASSETS:</b>					
Cash and Equivalents - Unrestricted	\$ 2,091,004	\$ 469,028	\$ 89,555	\$ 4,655	\$ 2,654,242
Accounts Receivable	747,495	49,085	5,049	-	801,629
Notes Receivable	-	-	-	107,321	107,321
Due from Governmental Units	-	-	64,662	-	64,662
Due from State	-	39,971	-	-	39,971
Inventories	513,695	-	22,573	-	536,268
Prepaid Items	-	22,995	17,278	-	40,273
Net Pension Asset	-	-	161,605	-	161,605
Capital Assets (Not Depreciated)	1,654,405	-	-	-	1,654,405
Capital Assets (Net of Accumulated Depreciation)	11,121,808	18,711	2,055,928	-	13,196,447
<b>TOTAL ASSETS</b>	<b>16,128,407</b>	<b>599,790</b>	<b>2,416,650</b>	<b>111,976</b>	<b>19,256,823</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension Investment Experience and Contributions	\$ 321,210	\$ 27,405	\$ 26,141	\$ -	\$ 374,756
<b>LIABILITIES:</b>					
Accounts Payable	\$ 26,005	\$ 20,486	\$ 12,681	\$ -	\$ 59,172
Accrued Liabilities	29,794	36,225	46,577	-	112,596
Unearned Revenue	-	6,534	-	-	6,534
Advances	102,797	-	-	-	102,797
Note Payable - Due within one year	6,992	-	-	-	6,992
Note Payable - Due in more than one year	118,193	-	-	-	118,193
Other Post Employment Benefits - Due in more than one year	12,396	-	-	-	12,396
Net Pension Obligation - Due in more than one year	4,393,190	169,624	-	-	4,562,814
Vested Employee Benefits - Due in more than one year	48,246	69,016	-	-	117,262
<b>TOTAL LIABILITIES</b>	<b>4,737,613</b>	<b>301,885</b>	<b>59,258</b>	<b>-</b>	<b>5,098,756</b>
<b>NET POSITION:</b>					
Net Investment in Capital Assets	12,651,028	18,711	2,055,928	-	14,725,667
Unrestricted	(939,024)	306,599	327,605	111,976	(192,844)
<b>TOTAL NET POSITION</b>	<b>\$ 11,712,004</b>	<b>\$ 325,310</b>	<b>\$ 2,383,533</b>	<b>\$ 111,976</b>	<b>\$ 14,532,823</b>

# County of Benzie, Michigan

## Statement of Activities Component Units Year Ended September 30, 2015

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	\$ 4,229,054	\$ 916,782	\$ 2,182,623	\$ 2,164,562	\$ 1,034,913	\$ -	\$ -	\$ -	\$ 1,034,913
<b>Benzie/Leelanau District Health Dept.</b>									
Health and Welfare	2,334,955	588,401	1,055,953	-	-	(690,601)	-	-	(690,601)
<b>Benzie Transportation Authority</b>									
Transportation	1,648,491	131,845	826,353	113,990	-	-	(576,303)	-	(576,303)
<b>Economic Development Corporation</b>									
Public Works	82,013	5,595	-	-	-	-	-	(76,418)	(76,418)
<b>Total Component Units</b>	<u>\$ 8,294,513</u>	<u>\$ 1,642,623</u>	<u>\$ 4,064,929</u>	<u>\$ 2,278,552</u>	<u>1,034,913</u>	<u>(690,601)</u>	<u>(576,303)</u>	<u>(76,418)</u>	<u>(308,409)</u>
<b>General Revenues:</b>									
County Appropriations					-	521,414	-	-	521,414
Taxes - Real Property					964,247	-	561,776	-	1,526,023
Investment Earnings					-	360	425	79	864
Gain (Loss) on Disposal					51,062	-	-	-	51,062
Rent					-	332,214	-	-	332,214
Other					-	-	381	-	381
<b>Total General Revenues</b>					<u>1,015,309</u>	<u>853,988</u>	<u>562,582</u>	<u>79</u>	<u>2,431,958</u>
Changes in Net Position					2,050,222	163,387	(13,721)	(76,339)	2,123,549
Net Position - Beginning - Restated					9,661,782	161,923	2,397,254	188,315	12,409,274
<b>Net Position - Ending</b>					<u>\$ 11,712,004</u>	<u>\$ 325,310</u>	<u>\$ 2,383,533</u>	<u>\$ 111,976</u>	<u>\$ 14,532,823</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:

Benzie County 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  
448 Court Place  
Beulah, Michigan 49617

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

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 2014 ad valorem tax is levied and collectible on December 1, 2014, and 2015 ad valorem tax is levied and collectible on July 1, 2015, 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 2014 taxable valuation of the County of Benzie totaled \$1,119,687,204, (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 Operations, .0982 mills for Animal Control, .5795 mills for Ambulance Millage, .0600 mills for Soldier Relief, .1000 mills for the Conservation District, 1.0000 mills for Roads, and .1000 mills for TNT operations. These amounts are recognized in the respective General, Special Revenue, Debt Service, and Enterprise Fund financial statements as tax revenue.

The July 1, 2015 taxable valuation of County of Benzie totaled \$1,147,594,711, (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:

**County Medical Care Facility**

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

**Delinquent Tax Revolving Fund**

This fund accounts for the collection of delinquent taxes.

**Emergency Medical Services 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 – Deposits and investments 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 Employee 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 pension items that qualify for reporting in this category.

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

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

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 \$31,983 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 \$2,434,982 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 \$117,649 for vested employee benefits and \$123,877 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.

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

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

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

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

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

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

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

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

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

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

- a. Each 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	\$ 4,851,267	\$ 4,124,017	\$ 8,975,284	\$ 4,080,156	\$ 2,654,242
Restricted	<u>-</u>	<u>141,178</u>	<u>141,178</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,851,267</u>	<u>\$ 4,265,195</u>	<u>\$ 9,116,462</u>	<u>\$ 4,080,156</u>	<u>\$ 2,654,242</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)	\$ 9,114,962	\$ 4,080,156	\$ 2,653,177
Petty Cash and Cash on Hand	<u>1,500</u>	<u>-</u>	<u>1,065</u>
Total	<u>\$ 9,116,462</u>	<u>\$ 4,080,156</u>	<u>\$ 2,654,242</u>

	<u>Fair Value</u>	<u>Years</u>				<u>Rating</u>
		<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>More Than 10</u>	
Investments:						
Treasury Securities	\$ 1,022,859	\$ 1,022,859	\$ -	\$ -	\$ -	AAA
Total Investments	<u>\$ 1,022,859</u>	<u>\$ 1,022,859</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, \$9,523,342 of the County's bank balance of \$12,069,977 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>Adjustments/ Deductions</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	8,483,766	94,312	-	8,578,078
Land improvements	74,865	-	-	74,865
Machinery and equipment	<u>2,219,280</u>	<u>166,362</u>	<u>(7,695)</u>	<u>2,377,947</u>
Subtotal	<u>10,777,911</u>	<u>260,674</u>	<u>(7,695)</u>	<u>11,030,890</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(3,391,578)	(203,409)	-	(3,594,987)
Land improvements	(8,650)	(5,266)	-	(13,916)
Machinery and equipment	<u>(1,628,186)</u>	<u>(166,391)</u>	<u>8,318</u>	<u>(1,786,259)</u>
Subtotal	<u>(5,028,414)</u>	<u>(375,066)</u>	<u>8,318</u>	<u>(5,395,162)</u>
Net Capital Assets Being Depreciated	<u>5,749,497</u>	<u>(114,392)</u>	<u>623</u>	<u>5,635,728</u>
Capital Assets – Net	<u>\$ 11,681,423</u>	<u>\$ (114,392)</u>	<u>\$ 623</u>	<u>\$ 11,567,654</u>

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

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

Governmental Activities:	
Judicial	\$ 1,055
General Government	101,588
Public Safety	245,908
Public Works	2,310
Health and Welfare	2,500
Recreation and Culture	<u>21,705</u>
Total Governmental Activities	<u>\$ 375,066</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>2,357,173</u>	<u>884,017</u>	-	<u>3,241,190</u>
Subtotal	<u>2,404,597</u>	<u>884,017</u>	-	<u>3,288,614</u>
<i>Capital assets being depreciated:</i>				
Land improvements	91,661	-	-	91,661
Buildings and improvements	3,906,766	-	-	3,906,766
Machinery and equipment	<u>2,021,185</u>	<u>37,989</u>	-	<u>2,059,174</u>
Subtotal	<u>6,019,612</u>	<u>37,989</u>	-	<u>6,057,601</u>
<i>Less accumulated depreciation for:</i>				
Land improvements	(87,285)	(632)	-	(87,917)
Buildings and improvements	(2,408,250)	(95,730)	-	(2,503,980)
Machinery and equipment	<u>(1,666,562)</u>	<u>(117,359)</u>	-	<u>(1,783,921)</u>
Subtotal	<u>(4,162,097)</u>	<u>(213,721)</u>	-	<u>(4,375,818)</u>
Net Capital Assets Being Depreciated	<u>1,857,515</u>	<u>(175,732)</u>	-	<u>1,681,783</u>
Capital Assets – Net	<u>\$ 4,262,112</u>	<u>\$ 708,285</u>	<u>\$ -</u>	<u>\$ 4,970,397</u>

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

Business-type Activities:	
Medical Care Facility	\$ 111,797
Emergency Medical Services	<u>101,924</u>
Total Business-Type Activities	<u>\$ 213,721</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	1,123,929	-	-	1,123,929
Road Equipment	4,615,176	728,412	(316,423)	5,027,165
Shop Equipment	141,896	890	-	142,786
Office Equipment	65,038	2,036	(796)	66,278
Engineer's Equipment	56,326	1,963	-	58,289
Yard and Storage	327,507	-	-	327,507
Infrastructure	<u>12,449,576</u>	<u>2,164,562</u>	<u>(891,090)</u>	<u>13,723,048</u>
Subtotal	<u>18,779,448</u>	<u>2,897,863</u>	<u>(1,208,309)</u>	<u>20,469,002</u>
<i>Less accumulated depreciation for:</i>				
Buildings	(1,023,031)	(13,905)	-	(1,036,936)
Road Equipment	(4,297,466)	(167,686)	314,164	(4,150,988)
Shop Equipment	(108,903)	(9,040)	-	(117,943)
Office Equipment	(60,397)	(2,044)	796	(61,645)
Engineer's Equipment	(49,031)	(3,631)	-	(52,662)
Yard and Storage	(252,389)	(10,830)	-	(263,219)
Infrastructure	<u>(3,802,397)</u>	<u>(752,494)</u>	<u>891,090</u>	<u>(3,663,801)</u>
Subtotal	<u>(9,593,614)</u>	<u>(959,630)</u>	<u>1,206,050</u>	<u>(9,347,194)</u>
Net Capital Assets Being Depreciated	<u>9,185,834</u>	<u>1,938,233</u>	<u>(2,259)</u>	<u>11,121,808</u>
Capital Assets – Net	<u>\$ 10,840,239</u>	<u>\$ 1,938,233</u>	<u>\$ (2,259)</u>	<u>\$ 12,776,213</u>

Depreciation expense was charged to Public Works as follows:

Unallocated	\$ 752,494
Equipment	167,686
Administration	5,766
Other	<u>33,684</u>
Total	<u>\$ 959,630</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>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital assets being depreciated:</i>				
Other capital assets:				
Equipment & furniture	\$ 38,684	\$ 6,868	\$ -	\$ 45,552
Subtotal	<u>38,684</u>	<u>6,868</u>	<u>-</u>	<u>45,552</u>
<i>Less accumulated depreciation for:</i>				
Equipment & furniture	<u>(25,314)</u>	<u>(1,527)</u>	<u>-</u>	<u>(26,841)</u>
Subtotal	<u>(25,314)</u>	<u>(1,527)</u>	<u>-</u>	<u>(26,841)</u>
Net Capital Assets	<u>\$ 13,370</u>	<u>\$ 5,341</u>	<u>\$ -</u>	<u>\$ 18,711</u>

Depreciation expense was charged to:

Health and Welfare	<u>\$ 1,527</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>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital assets being depreciated:</i>				
Building and improvements	\$ 2,049,404	\$ -	\$ -	\$ 2,049,404
Vehicles	1,639,333	90,568	-	1,729,901
Shop equipment	82,818	8,500	-	91,318
Office equipment	<u>88,048</u>	<u>2,856</u>	<u>-</u>	<u>90,904</u>
Subtotal	<u>3,859,603</u>	<u>101,924</u>	<u>-</u>	<u>3,961,527</u>
<i>Less accumulated depreciation</i>	<u>(1,679,843)</u>	<u>(225,756)</u>	<u>-</u>	<u>(1,905,599)</u>
Net Capital Assets	<u>\$ 2,179,760</u>	<u>\$ (123,832)</u>	<u>\$ -</u>	<u>\$ 2,055,928</u>

Depreciation expense was charged to:

Transportation	<u>\$ 225,756</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>					
	Nonmajor Governmental	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise	Total
General	\$ -	\$ -	\$ 8,716	\$ -	\$ 8,716
Jail Operations	-	-	108,716	-	108,716
MCF Renovations	-	673,483	-	-	673,483
Nonmajor Governmental	9,000	-	74,716	105,308	189,024
Emergency Medical Services	-	-	230,000	-	230,000
<b>Total</b>	<u>\$ 9,000</u>	<u>\$ 673,483</u>	<u>\$ 422,148</u>	<u>\$ 105,308</u>	<u>\$ 1,209,939</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>							
	General	Maples Debt Millage	Nonmajor Governmental	Medical Care Facility	Delinquent Tax Revolving	Nonmajor Enterprise	Total
General	\$ -	\$ -	\$ 5,344	\$ -	\$ -	\$ 352,894	\$ 358,238
Jail Operations	397,580	-	-	-	-	-	397,580
MCF Renovations	-	1,793,051	-	884,017	-	-	2,677,068
Nonmajor Governmental	275,365	-	8,763	-	86,148	92,000	462,276
Delinquent Tax Revolving	8,044	-	-	-	-	-	8,044
Emergency Medical Services	-	-	16,997	-	-	-	16,997
<b>Total</b>	<u>\$ 680,989</u>	<u>\$ 1,793,051</u>	<u>\$ 31,104</u>	<u>\$ 884,017</u>	<u>\$ 86,148</u>	<u>\$ 444,894</u>	<u>\$ 3,920,203</u>

**TRANSFERS IN**

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	\$ 315,000	\$ -	\$ (75,000)	\$ 240,000	\$ 75,000
2013 Building							
Authority Bonds	3.00-4.00%	2030	6,460,000	-	(305,000)	6,155,000	315,000
Building Authority Bonds							
Premium			128,784	-	(8,049)	120,735	-
Installment Loans payable to Financial Institutions, monthly installments of \$5,622, secured by equipment.							
	2.10- 8.89%	2019	<u>125,077</u>	<u>-</u>	<u>(66,386)</u>	<u>58,691</u>	<u>53,388</u>
Total Governmental Activities			<u>\$ 7,028,861</u>	<u>\$ -</u>	<u>\$ (454,435)</u>	<u>\$ 6,574,426</u>	<u>\$ 443,388</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>\$ 107,781</u>	<u>\$ -</u>	<u>\$ (63,275)</u>	<u>\$ 44,506</u>	<u>\$ 33,181</u>
Total Business-Type Activities			<u>\$ 107,781</u>	<u>\$ -</u>	<u>\$ (63,275)</u>	<u>\$ 44,506</u>	<u>\$ 33,181</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
2016	\$ 390,000	\$ 221,293	\$ 53,388	\$ 1,198	\$ 33,181	\$ 1,043
2017	395,000	208,167	5,303	42	11,325	84
2018	415,000	194,855	-	-	-	-
2019	340,000	180,650	-	-	-	-
2020	355,000	170,450	-	-	-	-
2021-2025	1,995,000	683,212	-	-	-	-
2026-2030	<u>2,505,000</u>	<u>305,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTALS</b>	<u>\$ 6,395,000</u>	<u>\$ 1,964,177</u>	<u>\$ 58,691</u>	<u>\$ 1,240</u>	<u>\$ 44,506</u>	<u>\$ 1,127</u>

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

**Vested Employee Benefits – Governmental Activities**

A summary of vested benefits payable at September 30, 2015 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Net Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 143,571	\$ -	\$ (25,922)	\$ 117,649

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

A summary of vested benefits payable at September 30, 2015 is as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Net Reductions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 99,242	\$ -	\$ (6,907)	\$ 92,335

***BENZIE COUNTY ROAD COMMISSION***

The following is a summary of pertinent information concerning the Road Commission's long-term debt.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment payable to Finance Company, 2.69% interest rate, payable in monthly installments of \$848, secured by equipment.	\$ -	\$ 125,750	\$ 565	\$ 125,185	\$ 6,992
Vested Employee Benefits	53,163	-	4,917	48,246	
<b>TOTAL</b>	<b>\$ 53,163</b>	<b>\$ 125,750</b>	<b>\$ 5,482</b>	<b>\$ 173,431</b>	

***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	\$ 63,262	\$ 5,754	\$ -	\$ 69,016

**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.

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, 2015, 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*****Description of Plan and Plan Assets**

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

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

General Information about the Pension Plan

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

**01 – Non-Union: Open Division**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	8 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25 55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

**02 – POAM: Open Division**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.80% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/25 50/15
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

**05 – IAFF: Open Division**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.80% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	50/25
<b>Early Retirement (Reduced):</b>	50/15
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>D-2:</b>	D-2 (25%)
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

NOTE 9 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

**10 – USWA: Close to new hires, linked to Division 11**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

**11 – USWA hired after 7/1/2011: Open Division, linked to Division 10**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	1.50% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/30
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

**20 – COAM: Open Division**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.80% Multiplier (80% max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	50/25
	55/15
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	4%
<b>Act 88:</b>	Yes (Adopted 1/1/2005)

Employees Covered by Benefit Terms

At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	37
Active employees	<u>89</u>
	185

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

Funding Policy

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

Courthouse Employees	\$2,611	Courthouse Employees after 10/01/12	7.55%
Sheriff Dept.	\$11,915	COAM	\$5,519
Elected Officials	34.13%	Sheriff Department after 10/01/011	6.85%
Commissioners	27.25%	COAM after 10/01/11	6.10%
Non Union & Non Elected	12.04%		

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2014 and will be 8.0% in 2015 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability:**

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2013</b>	\$ 14,100,184	\$ 9,904,015	\$ 4,196,169
Service cost	363,227	-	363,227
Interest on total pension liability	1,151,131	-	1,151,131
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	670,851	(670,851)
Employee contributions	-	75,158	(75,158)
Net investment income	-	621,978	(621,978)
Benefit payments, including employee refunds	(657,350)	(657,350)	-
Administrative expense	-	(28,289)	28,289
<b>Net changes</b>	<b>857,008</b>	<b>682,348</b>	<b>174,660</b>
<b>Balances as of December 31, 2014</b>	<b>\$ 14,957,192</b>	<b>\$ 10,586,363</b>	<b>\$ 4,370,829</b>

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

	<b>1% Decrease (7.25%)</b>	<b>Current Discount Rate (8.25%)</b>	<b>1% Increase (9.25%)</b>
County’s net pension liability	\$6,121,195	\$4,370,829	\$2,888,887

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

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

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

For the year ended September 30, 2015, the County recognized pension expense of \$687,436. At September 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	158,075	-
Contributions subsequent to the measurement date	503,389	-
 Total	 <u>\$ 661,464</u>	 <u>\$ -</u>

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

Year Ended September 30:

2016	\$ 39,519
2017	39,519
2018	39,519
2019	39,518

*Annual Pension Cost.* For the year ended September 30, 2015, the County’s annual pension cost of \$675,986 for MERS was equal to the County’s required and actual contributions. The required contribution was determined as part of the December 31, 2014 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, 2014, the date of the latest actuarial valuation, was 26 years.

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

***BENZIE COUNTY ROAD COMMISSION***

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.0% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

General Information about the Pension Plan

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

**01 – Gnr1 Emp: Closed to new hires, linked to Division HA**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/25
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions:</b>	0%
<b>Act 88:</b>	No

**11 – Commissioners: Closed to new hires, linked to Division HA**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	1.50% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	-
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	2.82%
<b>Act 88:</b>	No

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

**12 – Admin: Closed to new hires, linked to Division HA**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.00% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/25
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	0%
<b>Act 88:</b>	No

**HA – New hires after 7/1/2011: Open Division, linked to Division 01, 11, 12**

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	Hybird Plan - 1.00% Multiplier
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	6 Years
<b>Early Retirement (Unreduced):</b>	-
<b>Early Retirement (Reduced):</b>	-
<b>Final Average Compensation:</b>	3 years
<b>Employee Contributions</b>	0%
<b>Act 88:</b>	No

Employees Covered by Benefit Terms

At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	38
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>28</u>
	70

Funding Policy

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

The contribution rate as a percentage of payroll at September 30, 2015 is as follows:

General	32.71%
Management	32.71%

Net Pension Liability

The Road Commission’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

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

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2014 and will be 8.0% in 2015 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Changes in the Net Pension Liability:**

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2013</b>	\$ 7,104,163	\$ 2,826,507	\$ 4,277,656
Service cost	69,280	-	69,280
Interest on total pension liability	564,756	-	564,756
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	351,926	(351,926)
Employee contributions	-	289	(289)
Net investment income	-	172,573	(172,573)
Benefit payments, including employee refunds	(586,554)	(586,554)	-
Administrative expense	-	(6,286)	6,286
<b>Net changes</b>	<b>47,482</b>	<b>(68,052)</b>	<b>115,534</b>
<b>Balances as of December 31, 2014</b>	<b>\$ 7,151,645</b>	<b>\$ 2,758,455</b>	<b>\$ 4,393,190</b>

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

	<b>1% Decrease (7.25%)</b>	<b>Current Discount Rate (8.25%)</b>	<b>1% Increase (9.25%)</b>
Road Commission’s net pension liability	\$5,051,875	\$4,393,190	\$3,824,168

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

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

For the year ended September 30, 2015, the Road Commission recognized pension expense of \$426,940. At September 30, 2015, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	40,550	-
Contributions subsequent to the measurement date	280,660	-
<b>Total</b>	<b>\$ 321,210</b>	<b>\$ -</b>

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

Year Ended September 30:

2016	\$	10,138
2017		10,138
2018		10,138
2019		10,138

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

Description of Plan and Plan Assets

The Health Department is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

General Information about the Pension Plan

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

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

<b>01 – Gnrl Empl: Closed to new hires</b>	
	<u><b>2014 Valuation</b></u>
<b>Benefit Multiplier:</b>	2.25% Multiplier (80 % max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/25
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	0%
<b>Act 88:</b>	Yes (Adopted 3/28/2002)

Employees Covered by Benefit Terms

At September 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>3</u>
	5

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.

Net Pension Liability

The Health Department’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study in 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009, through December 31, 2013.)

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2015 and will be 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability:**

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balances at December 31, 2013</b>	\$ 764,068	\$ 618,361	\$ 145,707
Service cost	20,354	-	20,354
Interest on total pension liability	62,772	-	62,772
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	21,456	(21,456)
Employee contributions	-	-	-
Net investment income	-	39,194	(39,194)
Benefit payments, including employee refunds	(26,751)	(26,751)	-
Administrative expense	-	(1,441)	1,441
<b>Net changes</b>	<b>56,375</b>	<b>32,458</b>	<b>23,917</b>
<b>Balances as of December 31, 2014</b>	<b>\$ 820,443</b>	<b>\$ 650,819</b>	<b>\$ 169,624</b>

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

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(7.25%)</b>	<b>(8.25%)</b>	<b>(9.25%)</b>
Health Department’s net pension liability	\$266,106	\$169,624	86,865

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

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

For the year ended September 30, 2015, the Health Department recognized pension expense of \$36,139. At September 30, 2015, the Health Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	9,234	-
Contributions subsequent to the measurement date	18,171	-
<b>Total</b>	<b>\$ 27,405</b>	<b>\$ -</b>

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

<u>Year Ended September 30:</u>	
2016	\$ 2,309
2017	2,309
2018	2,308
2019	2,308

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

**Annual Pension Costs**

For year ended 2015, the Health Department’s annual pension cost of \$24,228 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, 2014, 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.

***BENZIE TRANSPORTATION AUTHORITY***

Description of Plan and Plan Assets

The Authority is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

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

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	2.0% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement (Unreduced):</b>	55/25
<b>Early Retirement (Reduced):</b>	50/25
	55/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	7.27%

Employees Covered by Benefit Terms

At December 31, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>17</u>
	20

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

Funding Policy

The Authority is required to contribute at an actuarially determined rate, which for the current year was 3.4% of annual covered payroll depending on position and classification. The contribution requirements of the Authority are established and may be amended by the MERS Retirement Board. The contribution requirements of employees are established and may be amended by labor agreements.

Net Pension Liability

The Authority’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2015 and will be 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions well be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**Changes in the Net Pension Liability:**

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2013</b>	\$ 396,255	\$ 549,059	\$ (152,804)
Service cost	74,461	-	74,461
Interest on total pension liability	34,986	-	34,986
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	38,273	(38,273)
Employee contributions	-	45,072	(45,072)
Net investment income	-	36,259	(36,259)
Benefit payments, including employee refunds	(18,825)	(18,825)	-
Administrative expense	-	(1,356)	1,356
<b>Net changes</b>	<b>90,622</b>	<b>99,423</b>	<b>(8,801)</b>
<b>Balances as of December 31, 2014</b>	<b>\$ 486,877</b>	<b>\$ 648,482</b>	<b>\$ (161,605)</b>

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

	<b>1% Decrease (7.25%)</b>	<b>Current Discount Rate (8.25%)</b>	<b>1% Increase (9.25%)</b>
Authority’s net pension liability	\$(96,246)	\$(161,605)	\$(215,823)

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

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

For the year ended September 30, 2015, the Authority recognized pension expense of \$20,157. At September 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	9,323	-
Contributions subsequent to the measurement date	16,818	-
<b>Total</b>	<b>\$ 26,141</b>	<b>\$ -</b>

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

Year Ended September 30:	
2016	\$ 2,331
2017	2,331
2018	2,331
2019	2,330

***THE MAPLES, BENZIE COUNTY MEDICAL CARE FACILITY***

Description of Plan and Plan Assets

The Medical Care Facility is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

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

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

	<u>2014 Valuation</u>
<b>Benefit Multiplier:</b>	1.5 % to 2.5% Multiplier (no max)
<b>Normal Retirement Age:</b>	60
<b>Vesting:</b>	10 Years
<b>Early Retirement:</b>	55/25 50/15
<b>Final Average Compensation:</b>	5 years
<b>Employee Contributions</b>	2.0%

Employees Covered by Benefit Terms

At September 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	53
Inactive employees entitled to but not yet receiving benefits	26
Active employees	<u>86</u>
	165

Funding Policy

The Medical Care Facility is required to contribute amounts at least equal to the actuarially determined rate, as established by MERS retirement board, which the Medical Care Facility’s average contribution rate was 6.94% of annual covered payroll.

Net Pension Liability

The Medical Care Facility’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

Although no specific price inflation assumptions are needed for the valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

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

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

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

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

*Discount Rate.* The discount rate used to measure the total pension liability is 8.25% for 2015 and will be 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Changes in the Net Pension Liability:**

	<b>Increases (Decreases)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
<b>Balances at December 31, 2013</b>	\$ 7,297,027	\$ 6,238,668	\$ 1,058,359
Service cost	197,599	-	197,599
Interest on total pension liability	590,244	-	590,244
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	179,701	(179,701)
Employee contributions	-	54,172	(54,172)
Net investment income	-	390,944	(390,944)
Benefit payments, including employee refunds	(482,722)	(482,722)	-
Administrative expense	-	(14,321)	14,321
<b>Net changes</b>	<b>305,121</b>	<b>127,774</b>	<b>177,347</b>
<b>Balances as of December 31, 2014</b>	<b>\$ 7,602,148</b>	<b>\$ 6,366,442</b>	<b>\$ 1,235,706</b>

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

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

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(7.25%)</b>	<b>(8.25%)</b>	<b>(9.25%)</b>
MCF’s net pension liability	\$2,012,154	\$1,235,706	\$573,523

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

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

For the year ended September 30, 2015, the Medical Care Facility recognized pension expense of \$266,735. At September 30, 2015, the Medical Care Facility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	90,312	-
Contributions subsequent to the measurement date	162,023	-
<b>Total</b>	<b>\$ 252,335</b>	<b>\$ -</b>

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

<u>Year Ended September 30:</u>	
2016	\$ 22,578
2017	22,578
2018	22,578
2019	22,578

**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, 2015.

Annual required contribution	\$ 68,989
Interest on Net OPEB	(3,702)
Adjustments - OPEB obligation	<u>-</u>
Annual OPEB cost	65,287
Contributions made	<u>-</u>
Increase in net OPEB obligation	65,287
Net OPEB obligation (deferred), beginning of year	<u>(52,891)</u>
Net OPEB obligation (deferred), end of year	<u>\$ 12,396</u>

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, 2013, 2014, and 2015 were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
09/30/13	\$ 68,934	100.0 %	\$ (60,355)
09/30/14	64,764	100.0 %	(52,891)
09/30/15	65,287	100.0 %	12,396

As of September 30, 2013, the actuarial accrued liability for benefits was \$663,980. The covered payroll (annual payroll of active employees covered by the Plan) was \$769,929 and the ratio of the unfunded actuarial accrued liability (UAAL) to the covered payroll was 86%.

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

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 \$72,693 and employees contributed \$14,539 to the Plan during the year ended September 30, 2015 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 \$172,053. Future minimum lease payments to be received from the Department of Human Services under the agreement are as follows:

2016	\$	108,902
2017		108,902
2018		108,902
2019		108,902
2020		<u>9,075</u>
Total	\$	<u>444,683</u>

**NOTE 13 - NET POSITION – RESTRICTIONS**

Net position restrictions can be described as follows:

\$ 700,088	Restricted for debt service
\$ 420,213	Restricted for capital projects
\$ 1,314,681	Restricted for fund or grant purposes

**NOTE 14 - RESTATEMENT**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Beginning net position as previously reported at October 1, 2014	\$ 11,979,702	\$ 12,340,032
Restatement of beginning net position – implementation of GASB 68: Net pension liability (measurement date) and Contributions to beginning of fiscal year	<u>(3,291,144)</u>	<u>(1,327,382)</u>
Net position as restated, October 1, 2014	<u>\$ 8,688,558</u>	<u>\$ 11,012,650</u>

## **Required Supplementary Information**

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**Employee Retirement and Benefit Systems  
Schedule of Changes in Pension Liability  
Year Ended September 30, 2015**

	2015
<b>Total pension liability</b>	
Service cost	\$ 363,227
Interest	1,151,131
Difference between expected and actual experience	-
Benefit payments, including refund of member contributions	(657,350)
<b>Net change in total pension liability</b>	857,008
<b>Total pension liability - beginning</b>	14,100,184
<b>Total pension liability - ending</b>	\$ 14,957,192
<b>Plan fiduciary net position</b>	
Contributions - employer	\$ 670,851
Contributions - employee	75,158
Net investment income	621,978
Benefit payments, including refunds of member contributions	(657,350)
Administrative expense	(28,289)
<b>Net change in plan fiduciary net position</b>	682,348
<b>Plan fiduciary net position - beginning</b>	9,904,015
<b>Plan fiduciary net position - ending</b>	\$ 10,586,363
<b>County's net pension liability - ending</b>	\$ 4,370,829
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	71%
<b>Covered - employee payroll</b>	\$ 3,514,717
<b>County's net pension liability as a percentage of covered-employee payroll</b>	124%
<b>Annual money-weighted rate of return, net of investment expense</b>	6%

**Employee Retirement and Benefit Systems  
Schedule of Employer Contributions  
For the Year Ended September 30, 2015**

	<u>2015</u>
Actuarially determined contribution	\$ 675,986
Contributions in relation to the actuarially determined contribution	<u>(675,986)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered - employee payroll	\$ 3,380,057
Contributions as a percentage of covered-employee payroll	20%

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-years smoothed market
Inflation	4.50%
Salary increases	4.5%, average, including inflation
Investment rate of return	8.00%
Retirement age	In the 2014 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the 1994 Group Annuity Mortality Table - Blended 50% Male / 50% Female

Health Benefits:

*BENZIE COUNTY ROAD COMMISSION*

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percent of Covered Payroll ((b - a) / c)
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, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 4,105,335	\$ 4,105,335	\$ 4,200,395	\$ 95,060
Licenses and Permits	40,675	40,675	40,347	(328)
Federal Sources	59,746	66,221	48,726	(17,495)
State Sources	1,026,509	1,062,830	1,000,848	(61,982)
Charges for Services	383,885	550,114	508,819	(41,295)
Refunds and Reimbursements	115,700	159,197	179,561	20,364
Interest and Rentals	33,093	37,293	36,164	(1,129)
<b>TOTAL REVENUES</b>	<b>5,764,943</b>	<b>6,021,665</b>	<b>6,014,860</b>	<b>(6,805)</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	100,800	103,027	103,021	6
Judicial:				
Circuit Court	398,415	387,362	368,964	18,398
District Court	327,476	327,476	294,548	32,928
Friend of the Court	129,651	129,651	110,619	19,032
Juvenile Division	41,552	68,293	64,706	3,587
Probate Court	241,520	241,520	234,502	7,018
<b>Total Judicial</b>	<b>1,138,614</b>	<b>1,154,302</b>	<b>1,073,339</b>	<b>80,963</b>
General Government:				
County Administrator	126,677	123,514	123,432	82
Elections	49,230	39,955	39,620	335
County Clerk	157,748	161,057	161,042	15
Equalization	139,276	142,622	135,318	7,304
Prosecuting Attorney	208,059	208,059	196,976	11,083
Register of Deeds	132,029	136,529	135,542	987
Treasurer	148,534	144,034	134,012	10,022
Cooperative Extension	50,300	50,300	49,736	564
Legal and Contracted Services	126,500	126,676	122,664	4,012
Central Services	61,000	54,591	54,588	3
Buildings and Grounds	257,334	246,963	235,577	11,386
Drain Commission	12,792	7,292	6,086	1,206
Technology Support	75,500	84,999	84,999	-
Plat Board	250	-	-	-
Surveyor	1,583	1,288	1,287	1
<b>Total General Government</b>	<b>1,546,812</b>	<b>1,527,879</b>	<b>1,480,879</b>	<b>47,000</b>

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	867,528	914,916	914,877	39
Sheriff Secondary Road Patrol	83,741	66,827	66,824	3
Zero Tolerance	43,289	62,388	62,387	1
Planning Department	17,160	9,253	9,132	121
Emergency Management	65,484	71,959	70,232	1,727
Total Public Safety	<u>1,077,202</u>	<u>1,125,343</u>	<u>1,123,452</u>	<u>1,891</u>
Health and Welfare:				
Health Department	221,505	221,614	221,614	-
Medical Examiner	28,853	42,101	42,101	-
Mental Health Board	146,598	146,598	146,598	-
Department of Human Services	7,200	5,200	2,049	3,151
Total Health and Welfare	<u>404,156</u>	<u>415,513</u>	<u>412,362</u>	<u>3,151</u>
Recreation and Culture:				
Parks and Recreation	7,200	7,025	5,434	1,591
Total Recreation and Culture	<u>7,200</u>	<u>7,025</u>	<u>5,434</u>	<u>1,591</u>
Other Expenditures:				
Medical Insurance	622,450	583,998	583,981	17
Unemployment Insurance	10,000	5,944	5,889	55
Worker's Comp Insurance	32,100	34,207	34,206	1
Insurance and Bonds	92,400	93,967	103,528	(9,561)
Social Security	146,000	151,474	151,474	-
Retirement Benefits	290,000	386,702	386,617	85
Intergovernmental Cooperation	71,475	255,296	235,477	19,819
Other Miscellaneous	5,000	5,000	1,485	3,515
Total Other Expenditures	<u>1,269,425</u>	<u>1,516,588</u>	<u>1,502,657</u>	<u>13,931</u>
TOTAL EXPENDITURES	<u>5,544,209</u>	<u>5,849,677</u>	<u>5,701,144</u>	<u>148,533</u>
EXCESS OF REVENUES OVER EXPENDITURES	220,734	171,988	313,716	141,728
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	354,000	362,716	358,238	(4,478)
Operating Transfers Out	(574,734)	(679,624)	(680,989)	(1,365)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ (144,920)</u>	<u>(9,035)</u>	<u>\$ 135,885</u>
FUND BALANCE, OCTOBER 1			<u>1,683,895</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 1,674,860</u>	

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Jail Operations Fund**  
**Year Ended September 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 1,002,700	\$ 1,016,300	\$ 1,012,417	\$ (3,883)
Charges for Services	312,325	312,325	203,057	(109,268)
Refunds and Reimbursements	<u>27,175</u>	<u>44,473</u>	<u>36,606</u>	<u>(7,867)</u>
TOTAL REVENUES	<u>1,342,200</u>	<u>1,373,098</u>	<u>1,252,080</u>	<u>(121,018)</u>
EXPENDITURES:				
Public Safety	<u>1,779,700</u>	<u>1,888,551</u>	<u>1,824,046</u>	<u>64,505</u>
TOTAL EXPENDITURES	<u>1,779,700</u>	<u>1,888,551</u>	<u>1,824,046</u>	<u>64,505</u>
EXCESS OF REVENUES (EXPENDITURES)	(437,500)	(515,453)	(571,966)	(56,513)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	<u>360,000</u>	<u>406,296</u>	<u>397,580</u>	<u>(8,716)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (77,500)</u>	<u>\$ (109,157)</u>	(174,386)	<u>\$ (65,229)</u>
FUND BALANCE, OCTOBER 1			<u>176,414</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 2,028</u>	

## **Other Information**

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# County of Benzie, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2015

	Special Revenue Funds							
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's	Benzie Co. Dive Team	Benzie Co. DARE	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 8,300	\$ 45,458	\$ 12	\$ 407	\$ 1,736	\$ 347	\$ 55,426	\$ 27,945
Receivables:								
Accounts	-	-	-	-	-	-	-	18,630
Prepaid Items	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	9,000
<b>TOTAL ASSETS</b>	<b>\$ 8,300</b>	<b>\$ 45,458</b>	<b>\$ 12</b>	<b>\$ 407</b>	<b>\$ 1,736</b>	<b>\$ 347</b>	<b>\$ 55,426</b>	<b>\$ 55,575</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 407	\$ 3,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 791
Accrued Liabilities	-	2,700	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>407</b>	<b>5,984</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>791</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	1,736	-	55,426	54,784
Committed	-	39,474	-	-	-	-	-	-
Assigned	7,893	-	12	407	-	347	-	-
<b>TOTAL FUND BALANCES</b>	<b>7,893</b>	<b>39,474</b>	<b>12</b>	<b>407</b>	<b>1,736</b>	<b>347</b>	<b>55,426</b>	<b>54,784</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 8,300</b>	<b>\$ 45,458</b>	<b>\$ 12</b>	<b>\$ 407</b>	<b>\$ 1,736</b>	<b>\$ 347</b>	<b>\$ 55,426</b>	<b>\$ 55,575</b>

	Special Revenue Funds							
	Marine Patrol	Parks and Rec. Ice Rink	Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Land Reutilization Fund	Remonument- ation Survey Grant	GIS Information System
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 13,335	\$ 297	\$ 95,919	\$ 8,316	\$ 27,509	\$ 106,187	\$ 29,274	\$ 5,993
Receivables:								
Accounts	-	-	337	20,000	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 13,335</b>	<b>\$ 297</b>	<b>\$ 96,256</b>	<b>\$ 28,316</b>	<b>\$ 27,509</b>	<b>\$ 106,187</b>	<b>\$ 29,274</b>	<b>5,993</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 804	\$ -	\$ 22,314	\$ 37	\$ 4,089	\$ 81	\$ -	-
Accrued Liabilities	1,389	-	2,285	-	-	-	-	-
Due to Other Funds	9,000	-	-	10,000	-	105,308	-	-
<b>TOTAL LIABILITIES</b>	<b>11,193</b>	<b>-</b>	<b>24,599</b>	<b>10,037</b>	<b>4,089</b>	<b>105,389</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	2,142	-	-	18,279	-	-	29,274	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	297	71,657	-	23,420	798	-	5,993
<b>TOTAL FUND BALANCES</b>	<b>2,142</b>	<b>297</b>	<b>71,657</b>	<b>18,279</b>	<b>23,420</b>	<b>798</b>	<b>29,274</b>	<b>5,993</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 13,335</b>	<b>\$ 297</b>	<b>\$ 96,256</b>	<b>\$ 28,316</b>	<b>\$ 27,509</b>	<b>\$ 106,187</b>	<b>\$ 29,274</b>	<b>\$ 5,993</b>

# County of Benzie, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2015

	Special Revenue Funds							
	Animal Control	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 and Equivalents - Unrestricted	\$ 176,831	\$ 40,225	\$ 125,043	\$ 1,630	\$ -	\$ 276,433	\$ 18,961	\$ 24,390
Receivables:								
Accounts	-	-	-	-	-	185,286	-	313
Prepaid Items	481	1,196	-	-	-	3,771	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 177,312</b>	<b>\$ 41,421</b>	<b>\$ 125,043</b>	<b>\$ 1,630</b>	<b>\$ -</b>	<b>\$ 465,490</b>	<b>\$ 18,961</b>	<b>\$ 24,703</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 1,273	\$ 28,471	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Liabilities	4,587	-	-	-	-	23,115	-	-
Due to Other Funds	-	-	-	-	-	8,716	-	-
<b>TOTAL LIABILITIES</b>	<b>5,860</b>	<b>28,471</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,831</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Nonspendable	481	1,196	-	-	-	3,771	-	-
Restricted	170,971	11,754	-	1,630	-	429,888	18,961	24,703
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	125,043	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>171,452</b>	<b>12,950</b>	<b>125,043</b>	<b>1,630</b>	<b>-</b>	<b>433,659</b>	<b>18,961</b>	<b>24,703</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 177,312</b>	<b>\$ 41,421</b>	<b>\$ 125,043</b>	<b>\$ 1,630</b>	<b>\$ -</b>	<b>\$ 465,490</b>	<b>\$ 18,961</b>	<b>\$ 24,703</b>

	Special Revenue Funds							
	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library	Commission on Aging	Child Care	Soldier's Relief	Veteran's Trust	CDBG Housing Grant
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 5,755	\$ 8,321	\$ 7,678	\$ 349,499	\$ 23,877	\$ 49,096	\$ 4,663	\$ 64,576
Receivables:								
Accounts	-	1,339	-	-	5,000	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<u>\$ 5,755</u>	<u>\$ 9,660</u>	<u>\$ 7,678</u>	<u>\$ 349,499</u>	<u>\$ 28,877</u>	<u>\$ 49,096</u>	<u>\$ 4,663</u>	<u>\$ 64,576</u>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ 2,087	\$ -	\$ 19,530	\$ 506	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>2,087</u>	<u>-</u>	<u>19,530</u>	<u>506</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	5,755	9,660	-	349,499	9,347	48,590	4,663	64,576
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	5,591	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<u>5,755</u>	<u>9,660</u>	<u>5,591</u>	<u>349,499</u>	<u>9,347</u>	<u>48,590</u>	<u>4,663</u>	<u>64,576</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 5,755</u>	<u>\$ 9,660</u>	<u>\$ 7,678</u>	<u>\$ 349,499</u>	<u>\$ 28,877</u>	<u>\$ 49,096</u>	<u>\$ 4,663</u>	<u>\$ 64,576</u>

# County of Benzie, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2015

	Special Revenue Funds				Debt Service Fund	Capital Project Funds		
	Light House	Brownfield Redevelopment Authority	Clerk Tech. Fund	Brownfield Redevelopment Authority	Government Center Addition	Jail Reserve	Capital Improvements	Railroad Point
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 35,999	\$ 20,763	\$ 2,062	\$ -	\$ 35,553	\$ 404,032	\$ 6,745	\$ 13,583
Receivables:								
Accounts	215	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 36,214</b>	<b>\$ 20,763</b>	<b>\$ 2,062</b>	<b>\$ -</b>	<b>\$ 35,553</b>	<b>\$ 404,032</b>	<b>\$ 6,745</b>	<b>\$ 13,583</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 175	\$ 4,736	\$ -	\$ -
Accrued Liabilities	-	-	-	-	-	-	-	-
Due to Other Funds	36,000	20,000	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>36,000</b>	<b>20,000</b>	<b>-</b>	<b>-</b>	<b>175</b>	<b>4,736</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	214	763	2,062	-	35,378	399,296	-	13,583
Committed	-	-	-	-	-	-	6,745	-
Assigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>214</b>	<b>763</b>	<b>2,062</b>	<b>-</b>	<b>35,378</b>	<b>399,296</b>	<b>6,745</b>	<b>13,583</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 36,214</b>	<b>\$ 20,763</b>	<b>\$ 2,062</b>	<b>\$ -</b>	<b>\$ 35,553</b>	<b>\$ 404,032</b>	<b>\$ 6,745</b>	<b>\$ 13,583</b>

Capital Project Funds

	Equipment Replacement	Building Authority	Totals
<b>ASSETS:</b>			
Cash and Equivalents - Unrestricted	\$ 66,659	\$ 7,338	\$ 2,196,173
Receivables:			
Accounts	11,078	-	242,198
Prepaid Items	-	-	5,448
Due from Other Funds	-	-	9,000
<b>TOTAL ASSETS</b>	<u>\$ 77,737</u>	<u>\$ 7,338</u>	<u>\$ 2,452,819</u>
<b>LIABILITIES:</b>			
Accounts Payable	\$ 79	\$ -	\$ 88,664
Accrued Liabilities	-	-	34,076
Due to Other Funds	-	-	189,024
<b>TOTAL LIABILITIES</b>	<u>79</u>	<u>-</u>	<u>311,764</u>
<b>FUND BALANCES:</b>			
Nonspendable	-	-	5,448
Restricted	-	7,338	1,770,272
Committed	77,658	-	123,877
Assigned	-	-	241,458
<b>TOTAL FUND BALANCES</b>	<u>77,658</u>	<u>7,338</u>	<u>2,141,055</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 77,737</u>	<u>\$ 7,338</u>	<u>\$ 2,452,819</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2015**

	Special Revenue Funds							
	Sheriff's K-9	TNT Officer	Benzie Co. Sheriff Reserve's	Benzie Co. Dive Team	Benzie Co. DARE	Benzie Co. Kids	Friend of the Court	Seasonal Road Patrol
<b>REVENUES:</b>								
Taxes	\$ -	\$ 112,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	29,205
Charges for Services	-	-	-	-	-	-	5,319	-
Refunds and Reimbursements	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	102	-
Contributions	5,881	-	-	-	-	480	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>5,881</u>	<u>112,163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>480</u>	<u>5,421</u>	<u>29,205</u>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	700	-
General Government	-	-	-	-	-	-	-	-
Public Safety	5,411	72,689	160	-	195	950	-	13,966
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>5,411</u>	<u>72,689</u>	<u>160</u>	<u>-</u>	<u>195</u>	<u>950</u>	<u>700</u>	<u>13,966</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	470	39,474	(160)	-	(195)	(470)	4,721	15,239
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	470	39,474	(160)	-	(195)	(470)	4,721	15,239
<b>FUND BALANCES, OCTOBER 1</b>	<u>7,423</u>	<u>-</u>	<u>172</u>	<u>407</u>	<u>1,931</u>	<u>817</u>	<u>50,705</u>	<u>39,545</u>
<b>FUND BALANCES, SEPTEMBER 30</b>	<u>\$ 7,893</u>	<u>\$ 39,474</u>	<u>\$ 12</u>	<u>\$ 407</u>	<u>\$ 1,736</u>	<u>\$ 347</u>	<u>\$ 55,426</u>	<u>\$ 54,784</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2015**

	Special Revenue Funds							
	Marine Patrol	Parks and Rec. Ice Rink	Solid Waste/ Recycling	Betsie Valley Trail Management	Soil Erosion	Land Reutilization Fund	Remonument- ation Survey Grant	
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	11,104	-	7,288	65,000	-	-	25,207	-
Local Sources	2,200	-	643	7,500	-	-	-	-
Charges for Services	30	-	268,188	-	25,629	71,550	-	-
Refunds and Reimbursements	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Contributions	-	6,320	3,427	-	-	3,000	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>13,334</u>	<u>6,320</u>	<u>279,546</u>	<u>72,500</u>	<u>25,629</u>	<u>74,550</u>	<u>25,207</u>	<u>-</u>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	184,874	25,598	-
Public Safety	16,839	-	-	-	-	-	-	-
Public Works	-	-	312,027	-	23,592	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Cultural	-	6,220	-	133,127	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>16,839</u>	<u>6,220</u>	<u>312,027</u>	<u>133,127</u>	<u>23,592</u>	<u>184,874</u>	<u>25,598</u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(3,505)	100	(32,481)	(60,627)	2,037	(110,324)	(391)	-
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	1,770	-	-	-	-	92,000	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	(1,735)	100	(32,481)	(60,627)	2,037	(18,324)	(391)	-
<b>FUND BALANCES, OCTOBER 1</b>	<u>3,877</u>	<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>
<b>FUND BALANCES, SEPTEMBER 30</b>	<u>\$ 2,142</u>	<u>\$ 297</u>	<u>\$ 71,657</u>	<u>\$ 18,279</u>	<u>\$ 23,420</u>	<u>\$ 798</u>	<u>\$ 29,274</u>	<u>\$ 5,993</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2015**

	Special Revenue Funds							
	Animal Control	Building Department	Register of Deeds Automation	Homeland Security	Revenue Sharing Reserve	911 Emergency Service	Dispatcher Training Grant	Local Corrections Officer Training
<b>REVENUES:</b>								
Taxes	\$ 110,338	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	9,966	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	12,036	258,357	26,430	-	-	814,991	-	4,991
Refunds and Reimbursements	6,001	-	-	-	-	5,119	-	100
Interest and Rentals	-	-	161	-	-	-	-	-
Contributions	5,300	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<u>133,675</u>	<u>258,357</u>	<u>26,591</u>	<u>-</u>	<u>-</u>	<u>820,110</u>	<u>9,966</u>	<u>5,091</u>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	12,524	-	-	-	-	-
Public Safety	133,204	252,922	-	385	-	723,479	6,022	10,303
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>133,204</u>	<u>252,922</u>	<u>12,524</u>	<u>385</u>	<u>-</u>	<u>723,479</u>	<u>6,022</u>	<u>10,303</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	471	5,435	14,067	(385)	-	96,631	3,944	(5,212)
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	20,000	-	-	-	-	-	-	-
Operating Transfers Out	(8,000)	-	-	-	(5,344)	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	12,471	5,435	14,067	(385)	(5,344)	96,631	3,944	(5,212)
<b>FUND BALANCES, OCTOBER 1</b>	<u>158,981</u>	<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>
<b>FUND BALANCES, SEPTEMBER 30</b>	<u>\$ 171,452</u>	<u>\$ 12,950</u>	<u>\$ 125,043</u>	<u>\$ 1,630</u>	<u>\$ -</u>	<u>\$ 433,659</u>	<u>\$ 18,961</u>	<u>\$ 24,703</u>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2015**

	Special Revenue Funds							
	Sheriff Forfeiture	Benzie Criminal Justice Training	Law Library	Commission on Aging	Child Care	Soldier's Relief	Veteran's Trust	CDBG Housing Grant
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 734,970	\$ -	\$ 67,425	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	74,326
State Sources	-	2,594	-	-	19,363	-	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Refunds and Reimbursements	-	-	-	-	14,289	-	-	85
Interest and Rentals	-	-	-	358	-	-	-	55
Contributions	-	-	-	-	-	-	-	-
Other Revenue	-	-	5,000	-	-	-	-	66,135
<b>TOTAL REVENUES</b>	<b>-</b>	<b>2,594</b>	<b>5,000</b>	<b>735,328</b>	<b>33,652</b>	<b>67,425</b>	<b>-</b>	<b>140,601</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	27,809	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	2,488	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	736,517	250,674	50,494	7,662	83,837
Recreation and Cultural	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>2,488</b>	<b>27,809</b>	<b>736,517</b>	<b>250,674</b>	<b>50,494</b>	<b>7,662</b>	<b>83,837</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>106</b>	<b>(22,809)</b>	<b>(1,189)</b>	<b>(217,022)</b>	<b>16,931</b>	<b>(7,662)</b>	<b>56,764</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	15,000	-	193,287	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>106</b>	<b>(7,809)</b>	<b>(1,189)</b>	<b>(23,735)</b>	<b>16,931</b>	<b>(7,662)</b>	<b>56,764</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>5,755</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>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 5,755</b>	<b>\$ 9,660</b>	<b>\$ 5,591</b>	<b>\$ 349,499</b>	<b>\$ 9,347</b>	<b>\$ 48,590</b>	<b>\$ 4,663</b>	<b>\$ 64,576</b>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2015**

	Special Revenue Funds				Fund	Capital Project Funds		
	Light House	Brownfield Redevelopment Authority	Clerk Tech. Fund	Brownfield Redevelopment Authority	Government Center Addition	Jail Reserve	Capital Improvements	Railroad Point
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	6,494	-	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	2,012	-	-	-	-	-
Refunds and Reimbursements	-	-	50	-	-	-	-	-
Interest and Rentals	-	-	-	-	108,636	660	-	-
Contributions	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>6,494</b>	<b>-</b>	<b>2,062</b>	<b>-</b>	<b>108,636</b>	<b>660</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	14,842	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	8,400	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Recreation and Cultural	6,280	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	50,897	111,994	-
Debt Service	-	-	-	-	90,868	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>6,280</b>	<b>-</b>	<b>-</b>	<b>8,400</b>	<b>105,710</b>	<b>50,897</b>	<b>111,994</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>214</b>	<b>-</b>	<b>2,062</b>	<b>(8,400)</b>	<b>2,926</b>	<b>(50,237)</b>	<b>(111,994)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	763	-	3,600	-	-	111,994	-
Operating Transfers Out	-	-	-	(763)	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>214</b>	<b>763</b>	<b>2,062</b>	<b>(5,563)</b>	<b>2,926</b>	<b>(50,237)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,563</b>	<b>32,452</b>	<b>449,533</b>	<b>6,745</b>	<b>13,583</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 214</b>	<b>\$ 763</b>	<b>\$ 2,062</b>	<b>\$ -</b>	<b>\$ 35,378</b>	<b>\$ 399,296</b>	<b>\$ 6,745</b>	<b>\$ 13,583</b>

**Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balance  
Nonmajor Governmental Funds  
Year Ended September 30, 2015**

	Capital Project Funds		
	Equipment Replacement	Building Authority	Totals
<b>REVENUES:</b>			
Taxes	\$ -	\$ -	\$ 1,024,896
Federal Sources	-	-	74,326
State Sources	15,289	-	162,305
Local Sources	27,750	-	67,298
Charges for Services	9,796	-	1,499,329
Refunds and Reimbursements	12,743	-	38,387
Interest and Rentals	-	-	109,972
Contributions	385	-	24,793
Other Revenue	2,027	-	73,162
	67,990	-	3,074,468
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES:</b>			
Judicial	-	-	28,509
General Government	-	-	237,838
Public Safety	-	-	1,239,013
Public Works	-	-	344,019
Health and Welfare	-	-	1,129,184
Recreation and Cultural	-	-	145,627
Capital Outlay	144,235	1,050	308,176
Debt Service	-	-	90,868
	144,235	1,050	3,523,234
<b>TOTAL EXPENDITURES</b>			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(76,245)	(1,050)	(448,766)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating Transfers In	20,262	3,600	462,276
Operating Transfers Out	(16,997)	-	(31,104)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(72,980)	2,550	(17,594)
FUND BALANCES, OCTOBER 1	150,638	4,788	2,158,649
FUND BALANCES, SEPTEMBER 30	\$ 77,658	\$ 7,338	\$ 2,141,055

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
September 30, 2015**

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
<b>ASSETS:</b>				
Cash and Equivalents -Unrestricted	\$ 56,560	\$ 469,195	\$ 8,869	\$ 534,624
Due from Other Funds	-	105,308	-	105,308
	-	105,308	-	105,308
 TOTAL ASSETS	\$ 56,560	\$ 574,503	\$ 8,869	\$ 639,932
 <b>NET POSITION:</b>				
Unrestricted	56,560	574,503	8,869	639,932
 TOTAL NET POSITION	\$ 56,560	\$ 574,503	\$ 8,869	\$ 639,932

# County of Benzie, Michigan

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds Year Ended September 30, 2015

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ -	\$ 280,061	\$ 8,430	\$ 288,491
<b>TOTAL OPERATING REVENUES</b>	<u>-</u>	<u>280,061</u>	<u>8,430</u>	<u>288,491</u>
<b>OPERATING EXPENSES:</b>				
Personal Services	-	15,225	-	15,225
Other Supplies and Expenses	1,100	96,654	10,153	107,907
<b>Total Operating Expenses</b>	<u>1,100</u>	<u>111,879</u>	<u>10,153</u>	<u>123,132</u>
<b>OPERATING INCOME (LOSS)</b>	(1,100)	168,182	(1,723)	165,359
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest Income	-	597	-	597
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(1,100)	168,779	(1,723)	165,956
Transfer Out	-	(444,894)	-	(444,894)
<b>CHANGES IN NET POSITION</b>	(1,100)	(276,115)	(1,723)	(278,938)
NET POSITION, OCTOBER 1	<u>57,660</u>	<u>850,618</u>	<u>10,592</u>	<u>918,870</u>
<b>NET POSITION, SEPTEMBER 30</b>	<u><u>\$ 56,560</u></u>	<u><u>\$ 574,503</u></u>	<u><u>\$ 8,869</u></u>	<u><u>\$ 639,932</u></u>

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended September 30, 2015**

	Tax Admin	Tax Foreclosure	Sheriff Commissary	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received From Customers or Users	\$ -	\$ 189,253	\$ 8,430	\$ 197,683
Cash Payments to Suppliers	(1,100)	(112,594)	(10,153)	(123,847)
Net Cash Provided (Used) by Operating Activities	(1,100)	76,659	(1,723)	73,836
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Operating Transfers Out	-	(444,894)	-	(444,894)
Net Cash Provided (Used) by Non-Capital and Related Financing Activities	-	(444,894)	-	(444,894)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest Income	-	597	-	597
Net Cash Provided (Used) by Investing Activities	-	597	-	597
Net Increase (Decrease) in Cash	(1,100)	(367,638)	(1,723)	(370,461)
Cash and Equivalents at Beginning of Year	57,660	836,833	10,592	905,085
<b>Cash and Equivalents at End of Year</b>	<b>\$ 56,560</b>	<b>\$ 469,195</b>	<b>\$ 8,869</b>	<b>\$ 534,624</b>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (1,100)	\$ 168,182	\$ (1,723)	\$ 165,359
Changes in Assets and Liabilities:				
Decrease (Increase) in Assets:				
Accounts Receivable	-	(90,808)	-	(90,808)
(Decrease) Increase in Liabilities:				
Accounts Payable	-	(715)	-	(715)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (1,100)</b>	<b>\$ 76,659</b>	<b>\$ (1,723)</b>	<b>\$ 73,836</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  
AMBER N. MACK, CPA, PRINCIPAL

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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, 2015, 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 4, 2016. 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.

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 2015-001.

### **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 4, 2016

**Internal Control Over Financial Reporting**

*Significant Deficiencies*

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

*Finding 2015-001*

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:  
Mitch Deisch, County Administrator

## **Additional Information**

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COUNTY OF BENZIE, MICHIGAN

ADDITIONAL INFORMATION

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**KINROSS OFFICE**

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

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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, 2015, 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 & Co. PLC*

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

March 4, 2016

**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, 2015, 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	
2015	\$	1,595,021,895
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

Source: Benzie County

**B. Taxable Valuation:**

2015	\$	1,158,546,881
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

Source: Benzie County

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

<u>2015 Breakdown by Use</u>	
Residential	89.7%
Commercial	8.1%
Industrial	0.3%
Utility	0.3%
Agricultural	1.5%
Timber-Cutover	<u>0.1%</u>
 TOTAL	 100.00%

  

<u>2015 Breakdown by Class</u>	
Real	95.6%
Personal	<u>4.4%</u>
 TOTAL	 100.00%

Source: Benzie County

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
County Operating	3.5144	3.5144	3.5144	3.5144	3.5144
MCF Debt & Operations	1.0000	1.0000	1.0000	0.9350	0.9904
Commission on Aging	0.6600	0.6600	0.6600	0.6600	0.6536
Animal Control	0.0982	0.0982	0.0982	0.0982	0.0982
Ambulance	0.5795	0.5795	0.5795	0.5795	0.5795
Soldier Relief	0.0600	0.0600	0.0600	0.0600	0.0400
Conservation District	0.1000	0.1000	0.1000	0.1000	0.1000
TNT Operations	0.1000	0.1000	-	-	-
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	 10.6098	 10.6034	 10.4098	 9.3448	 9.3378
 Road Commission	 1.0000	 1.0000	 -	 -	 -
 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	 14.5410	 14.5346	 13.3410	 12.2760	 12.2690

The County's authorized operating tax rate is 5.2900 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>
2015	\$ 39,084,549	\$ 37,092,170	94.90%	100%
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%

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

Source: Benzie County

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues & Transfers In	\$ 6,373,098	\$ 5,888,982	\$ 5,823,279	\$ 5,701,822
Expenditures & Transfers Out	<u>6,382,133</u>	<u>5,961,998</u>	<u>5,534,186</u>	<u>5,463,467</u>
Revenues over(under) expenditures	(9,035)	(73,016)	289,093	238,355
Beginning Fund Balance	<u>1,683,895</u>	<u>1,756,911</u>	<u>1,467,818</u>	<u>1,229,463</u>
ENDING FUND BALANCE	<u>\$ 1,674,860</u>	<u>\$ 1,683,895</u>	<u>\$ 1,756,911</u>	<u>\$ 1,467,818</u>

Source: Benzie County

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

**F. Debt Statement:**

	<u>Gross</u>	<u>Net</u>
Direct Debt of County:		
Building Authority	<u>\$ 6,395,000</u>	<u>\$ 6,395,000</u>
Per Capita County Net Direct Debt		\$ 364.97
Percent County Net Direct Debt to 2015 TV		.56%
 OVERLAPPING DEBT OF COUNTY:		
School Districts		\$ 10,768,442
Cities		850,000
Townships		-
Villages		711,000
Intermediate School Districts		<u>-</u>
Net Overlapping Debt		<u>\$ 12,329,442</u>
Net County and Overlapping Debt		<u>\$ 18,724,442</u>
Per Capita County Net Direct and Overlapping Debt		\$ 1,071.56
Percent Net Direct and Overlapping Debt to 2015 TV		1.63%

Source: County of Benzie and Municipal Advisory Council of Michigan

Note: Estimated population for 2014 is 17,525. Estimated population for 2015 is not available for Benzie County.

Source: Benzie County and Municipal Advisory Council of Michigan



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**MICHIGAN & WISCONSIN**

**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, 2015, and have issued our report thereon dated March 4, 2016. 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 February 25, 2016, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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 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 February 25, 2016.

### **Significant Accounting Policies**

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

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Benzie, Michigan are described in Note 1 to the financial statements. Two new accounting policies regarding GASB 68 and GASB 71 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 \$16,605.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension liabilities 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 4, 2016.

### ***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 (Prior Year)**

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

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

Status: Implemented in 2015.

### **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 (Prior Year)**

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.

Status: Uncorrected.

**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 4, 2016