

**County of Crawford, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**September 30, 2013**

**COUNTY OF CRAWFORD, MICHIGAN**

ORGANIZATION

**MEMBERS OF THE COUNTY COMMISSION**

CHAIRMAN	DAVE STEPHENSON
VICE CHAIRMAN	SHELLEY L. PINKELMAN
COMMISSIONER	RICK ANDERSON
COMMISSIONER	PHIL LEWIS
COMMISSIONER	SHARON PRIEBE
COMMISSIONER	LINDA MUNSEY
COMMISSIONER	DAVE WYMAN

**ELECTED/APPOINTED OFFICIALS**

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

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

**KINROSS OFFICE**

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

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

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

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**INDEPENDENT AUDITOR'S REPORT**

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

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, of the County of Crawford, Michigan, as of and for the year ending September 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Crawford County Road Commission, which is a discretely presented component unit, and 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component unit.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Crawford County Road Commission, which represents 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Honorable Chairman and  
Board of Commissioners  
County of Crawford, Michigan

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 9, page 43, and pages 44 through 48 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.

Honorable Chairman and  
Board of Commissioners  
County of Crawford, Michigan

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Crawford, Michigan's basic financial statements. The combining nonmajor fund financial statements and statistical information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

The combining nonmajor fund financial statements, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014 on our consideration of the County of Crawford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Crawford's internal control over financial reporting and compliance.

*Anderson Tackman & Co., PLLC*

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

March 18, 2014

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

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**Using this Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County as a whole and present a longer-term view of the County's finances. Fund financial statements tell how services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide financial statements.

**The County as a Whole**

Crawford County for the first time in four years experienced an increase in tax revenue of approximately 1.40% from the previous year. Although this is a very positive sign, we are still faced with the challenges of increasing operational costs and as a county we are not likely to return to our previous levels of tax revenue for a number of years. Crawford County also saw other positive economic signs with slight increases in revenue in the Register of Deed's office and increased activity in the Building Department. This would seem to suggest an improving economy.

Over 2012 the County engaged in a number of initiatives including the relocation of our Public Health to a new building, upgrading our 9-1-1 facility and purchasing new consoles for emergency dispatch. Additionally, we replaced the roof on the main facility in 2012. As a result of these efforts, FY 2013 was slated to be a slower year in capital expenditures so that some of the reserves that were utilized could be replenished. The two major investments in 2013 would include the improved Register of Deeds software which will allow the public better access to those records and the initial construction of two new little league fields at the Crawford County sports complex. The Little League project will be recognized predominantly in 2014 but was significantly completed this fall with the help of a \$100,000 grant from the Land Water Conservation Fund. Another significant accomplishment was the closure of every defined benefit division within our pension plan. As a result, every new employee in Crawford County will have a defined contribution retirement plan which will cause long term fiscal accountability within the county's pension fund. However, closing the divisions will also cause an accelerated amortization of our defined benefit plans which will place more fiscal stress on the organization in the short term. As the county moves further away from the closing of the divisions, the benefits to the organization of having a defined contribution plan for its employees will be realized.

Overall, the County has utilized its reserves over the past two years in order to accomplish many needed and necessary tasks. The Board is committed to replenishing some of those reserves over the next several years to strengthen our fiscal position.

In a condensed format, the table below shows the net position of Crawford County as of September 2013 and 2012.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current Assets	\$ 5,013,483	\$ 5,594,811	\$ 3,257,174	\$ 3,181,612	\$ 8,270,657	\$ 8,776,423
Capital Assets	7,873,078	8,042,221	-	-	7,873,078	8,042,221
<b>Total Assets</b>	<b>\$ 12,886,561</b>	<b>\$ 13,637,032</b>	<b>\$ 3,257,174</b>	<b>\$ 3,181,612</b>	<b>\$ 16,143,735</b>	<b>\$ 16,818,644</b>
Current Liabilities	\$ 597,545	\$ 577,912	\$ 907,933	\$ 1,030,371	\$ 1,505,478	\$ 1,608,283
Noncurrent Liabilities	3,620,085	3,664,895	-	-	3,620,085	3,664,895
<b>Total Liabilities</b>	<b>4,217,630</b>	<b>4,242,807</b>	<b>907,933</b>	<b>1,030,371</b>	<b>5,125,563</b>	<b>5,273,178</b>
<b>Net Position</b>						
Net Investment in						
Capital Assets	6,134,078	6,109,221	-	-	6,134,078	6,109,221
Restricted	1,201,537	1,674,244	-	-	1,201,537	1,674,244
Unrestricted	1,333,316	1,610,760	2,349,241	2,151,241	3,682,557	3,762,001
<b>Total Net Position</b>	<b>\$ 8,668,931</b>	<b>\$ 9,394,225</b>	<b>\$ 2,349,241</b>	<b>\$ 2,151,241</b>	<b>\$ 11,018,172</b>	<b>\$ 11,545,466</b>

The current level of unrestricted net position for our governmental activities stands at \$1,333,316 or about 13.82% of expenses. This is within the targeted range set by the County Board of Commissioners during its last budget process.

Net position of the governmental activities decreased 7.72%. Net position of the business – type activities increased 9.20%.

The following table shows the activities of the County.

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Program Revenues						
Charges for Services	\$ 2,203,451	\$ 2,458,266	\$ 448,230	\$ 526,549	\$ 2,651,681	\$ 2,984,815
Operating Grants and Contributions	1,704,401	2,668,251	-	-	1,704,401	2,668,251
General Revenues						
Property Taxes	4,746,597	4,729,697	-	-	4,746,597	4,729,697
Federal, State, Local - General	16,487	15,679	-	-	16,487	15,679
Investment Earnings	38,460	77,670	3,016	6,242	41,476	83,912
Other Revenue	-	-	138,996	-	138,996	-
Transfers	216,082	676,890	(216,082)	(676,890)	-	-
<b>Total Revenues</b>	<b>8,925,478</b>	<b>10,626,453</b>	<b>374,160</b>	<b>(144,099)</b>	<b>9,299,638</b>	<b>10,482,354</b>
Program Expenses						
Legislative	119,263	120,027	-	-	119,263	120,027
Judicial	1,387,080	1,399,142	-	-	1,387,080	1,399,142
General Government	1,910,431	1,910,736	-	-	1,910,431	1,910,736
Public Safety	3,537,248	4,559,928	-	-	3,537,248	4,559,928
Health and Welfare	1,860,767	1,564,290	-	-	1,860,767	1,564,290
Community/Economic Development	15,002	20,000	-	-	15,002	20,000
Recreation and Culture	493,833	509,844	-	-	493,833	509,844
Interest Expense - Unallocated	81,913	90,238	-	-	81,913	90,238
Other Expenses	245,235	481,440	-	-	245,235	481,440
Sheriff Commissary	-	-	26,658	27,125	26,658	27,125
Tax Collection	-	-	149,502	124,412	149,502	124,412
<b>Total Expenses</b>	<b>9,650,772</b>	<b>10,655,645</b>	<b>176,160</b>	<b>151,537</b>	<b>9,826,932</b>	<b>10,807,182</b>
Changes in Net Position	(725,294)	(29,192)	198,000	(295,636)	(527,294)	(324,828)
Net Position - Beginning	9,394,225	9,391,884	2,151,241	2,446,877	11,545,466	11,838,761
Prior Period Adjustment	-	31,533	-	-	-	31,533
<b>Net Position - Ending</b>	<b>\$ 8,668,931</b>	<b>\$ 9,394,225</b>	<b>\$ 2,349,241</b>	<b>\$ 2,151,241</b>	<b>\$ 11,018,172</b>	<b>\$ 11,545,466</b>

**Governmental Activities**

Governmental activities show a decrease in total revenues and total expenses. Aside from the increase in tax revenue, most every category showed some decline with significant declines in grant revenue and transfers. As to the expenses, most lines remained comparable to 2012 with the exception of Public Safety and Other. Part of the Public Safety change can be attributed to a one-time buy out of retirement health care that occurred last year and a shift of some expense from the general fund to the Road Patrol Millage Fund. The change in Other Expenses can be attributed to moving the health department to its separate special revenue fund in 2013.

**Business-Type Activities**

The County business-type activities are very limited. The only funds of this type would include the Sheriff Commissary fund and funds associated with delinquent taxes. The bulk of the commissary fund expenditures are on commodities the inmates can purchase if they desire. As for delinquent taxes, there are three years that currently have balances within a revolving fund. Aside from these two examples, there are no other business-type activities within the County.

**The County's Funds**

Our analysis of the County's major funds begins on page 12 following the entity wide financial statements. The individual fund financial statements provide detailed information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as a specific property tax millage or other dedicated revenues. The County's major funds for 2013 include the General Fund, Revenue Sharing Reserve, County Library, and Housing Commission.

**General Fund Budgetary Highlights**

The General Fund supports most of the County's governmental services. The lion's share is dedicated to law enforcement and the adjudication process. This would include the Sheriff's road patrol, Prosecutor's Office and the Jail, along with the bulk of court functions. The balance of the general fund activities are used in community service type departments.

Although tax revenue did increase in 2013, overall revenue for the general fund showed a decline of 2.0%. The vast majority of this can be noticed in the transfer in line item from the Revenue Sharing Distribution fund. A large portion of that transfer in 2013 was diverted to the Public Health Fund which was established once the relocation of that agency was complete. Most departments showed modest gains or losses in revenues compared to the previous year. Worth noting was the increase of \$56,000 in District Court revenue, primarily due to an increase in court costs. The \$2.00 per acre swamp tax payment was restored from previous years. Inmate lodging fees dropped by 23%, possibly due to an increase in our own inmate population. On the expense side, Inmate transfers experienced a 59% increase over last year, another indicator of increased jail population. Offsetting any increases was the removal of the Health Department cost from the general fund, a decrease of \$94,000 from last year along with a \$65,000 decrease in Tax Tribunal awards as compared with 2012. Overall the expense side of the general fund experienced a 2.15% decrease from the previous fiscal year.

**Other Funds**

The bulk of the County's special revenue funds remained consistent to last year in revenues and expenditures. Those that did see changes would include the Sheriff's road patrol millage fund. This fund experienced close to a 3.5% drop in revenue, compounded with a 9% drop the previous year. The future funding levels of this fund will be a concern moving forward. If this trend continues, services will need to be cut back or some of the expenses within this fund will need to be absorbed in another fund. The Register of Deeds Technology Fund expended \$110,000 more than in 2012 to update its technology in an attempt to make the records more accessible to the public. The shortfall in this fund was offset by a transfer from the general fund. We expect this to be a one-time purchase, as much as technology can be, and be sufficient for a minimum of 5 years. Central Dispatch also realized a reduction of revenue from last year of 5.7%. This is possibly related to the overall economy and a projected decrease in the population of the county. This will also be a concern moving forward as the personnel costs of the department continue to rise. A very bright spot for the county is the Building Department. This fund experienced an increase in revenues of 22% over the previous year. For the first time in a number of years this fund was not forced to utilize available fund balance or require a transfer of funds from another source. This is positive both for the sustainability of the service to the community but also the indication that the local economy has turned the corner and more building/remodeling projects are beginning to occur.

**Capital Asset and Debt Administration**

During the 2013 period, the County invested \$31,692 in capital assets that meet the dollar threshold of the reporting requirement. These investments include vehicles and equipment. At year end, the County had invested \$7,873,078 in capital assets.

The County reduced its bond and lease debt load by \$1,684,000 in principal payments in 2013 ending with a debt balance of \$2,639,000. \$1,475,000 was for payments on delinquent tax notes with the balance put toward bonds for the Animal Control, County Building addition and Library buildings and equipment leases.

**Component Units**

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

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

Crawford County remains cautiously optimistic about the economy going forward in 2014. Small indications such as revenue increases within the Register of Deed's department and the Building Department along with the first increase in taxable value in four years have given us all reason to celebrate. Unfortunately, Crawford County will still face the challenges of costs increasing at a much faster pace than the revenue increases that we are beginning to experience. The County has initiated a number of projects, started in fiscal 2013 but moving forward in 2014. New Little League fields have been constructed with the help of a \$100,000 grant from the State and will be able to be played on in late summer of 2014. The local units of government have agreed to impose a surcharge of \$6.00 per year on improved residential properties so that our recycling program will have a sustainable revenue source moving forward. This is a project that has been formulated for a long time and will not only save our current recycling program but allow it to improve and become more efficient in the years to come. The plans to provide Jet A fuel at our airport have been approved. A new fueling tank will be installed as soon as the funding is released at the federal level. We hope that this will not only increase economic activity to our area but attract a fixed based operator to the airport so that more services can be offered. We believe that the dividends these projects and programs will continue to pay into the future, from an economic development position, will be well worth the initial investment in the short term.

Crawford County is still very susceptible to policies at the State and Federal level. Changes in the methods of reimbursement for state programs are always a concern. The changes in personal property tax legislation, including discussion to include utility personal property, along with the changes in indigent legal counsel funding could have significant impact on our budgets. On the federal side, the implementation of the Affordable Care Act and its impact, along with federal PILT funding, will be a concern moving forward. As always, Crawford County will monitor these issues along with many others so that adjustments can be made that will be in the best interest of our community.

**Contacting the County's Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the County Administrator at 200 W. Michigan Ave., Grayling, MI 49738.

## **Basic Financial Statements**

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# County of Crawford, Michigan

## Statement of Net Position September 30, 2013

	Primary Government			Road
	Governmental Activities	Business-type Activities	Total	Commission Component Unit
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 2,586,632	\$ 679,526	\$ 3,266,158	\$ 980,885
Receivables:				
Accounts	399,590	-	399,590	481,469
Taxes	1,354,597	1,207,758	2,562,355	-
Interest	2,736	154,766	157,502	-
Notes	1,802,184	-	1,802,184	-
Prepaid Expenses	52,834	-	52,834	72,907
Inventory	5,910	-	5,910	267,631
Internal Loans	(1,191,000)	1,191,000	-	-
Other Assets	-	24,124	24,124	-
Capital Assets Not Depreciated	4,930,000	-	4,930,000	73,092
Capital Assets (Net of Accumulated Depreciation)	2,943,078	-	2,943,078	8,555,063
<b>TOTAL ASSETS</b>	<b>\$ 12,886,561</b>	<b>\$ 3,257,174</b>	<b>\$ 16,143,735</b>	<b>\$ 10,431,047</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 251,017	\$ 1,409	\$ 252,426	\$ 135,096
Accrued Liabilities	122,328	-	122,328	36,735
Accrued Interest Payable	28,985	-	28,985	-
Advances from State	-	-	-	283,899
Due to Governmental Units	1,215	6,524	7,739	-
Capitalized Leases - Due within one year	-	-	-	64,003
Capitalized Leases - Due in more than one year	-	-	-	678,037
Notes Payable - Due within one year	-	900,000	900,000	-
Bonds Payable - Due within one year	194,000	-	194,000	-
Bonds Payable - Due in more than one year	1,545,000	-	1,545,000	-
Vested Employee Benefits	163,050	-	163,050	154,840
Post Employment Benefit Liabilities	1,912,035	-	1,912,035	30,430
<b>TOTAL LIABILITIES</b>	<b>4,217,630</b>	<b>907,933</b>	<b>5,125,563</b>	<b>1,383,040</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	6,134,078	-	6,134,078	7,886,115
Restricted	1,201,537	-	1,201,537	1,161,892
Unrestricted	1,333,316	2,349,241	3,682,557	-
<b>TOTAL NET POSITION</b>	<b>\$ 8,668,931</b>	<b>\$ 2,349,241</b>	<b>\$ 11,018,172</b>	<b>\$ 9,048,007</b>



# County of Crawford, Michigan

## Statement of Activities Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Road Commission Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 119,263	\$ -	\$ -	\$ -	\$ (119,263)	\$ -	\$ (119,263)	\$ -
Judicial	1,387,080	394,207	505,504	-	(487,369)	-	(487,369)	-
General Government	1,910,431	673,090	419,516	-	(817,825)	-	(817,825)	-
Public Safety	3,537,248	692,136	134,912	-	(2,710,200)	-	(2,710,200)	-
Health and Welfare	1,860,767	215,185	636,771	-	(1,008,811)	-	(1,008,811)	-
Community/Economic Development	15,002	11,154	-	-	(3,848)	-	(3,848)	-
Recreation and Culture	493,833	217,679	7,698	-	(268,456)	-	(268,456)	-
Interest Expense - Unallocated	81,913	-	-	-	(81,913)	-	(81,913)	-
Other Expenses	245,235	-	-	-	(245,235)	-	(245,235)	-
Total Governmental Activities	<u>9,650,772</u>	<u>2,203,451</u>	<u>1,704,401</u>	<u>-</u>	<u>(5,742,920)</u>	<u>-</u>	<u>(5,742,920)</u>	<u>-</u>
<b>Business-type Activities:</b>								
Sheriff Commissary	26,658	27,914	-	-	-	1,256	1,256	-
Tax Collection	149,502	420,316	-	-	-	270,814	270,814	-
Total Business-type Activities	<u>176,160</u>	<u>448,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,070</u>	<u>272,070</u>	<u>-</u>
Total Primary Government	<u>\$ 9,826,932</u>	<u>\$ 2,651,681</u>	<u>\$ 1,704,401</u>	<u>\$ -</u>	<u>(5,742,920)</u>	<u>272,070</u>	<u>(5,470,850)</u>	<u>-</u>
<b>Component Unit:</b>								
Road Commission	\$ 3,753,612	\$ 987,344	\$ 913,364	\$ 3,057,402				1,204,498
Total Component Units	<u>3,753,612</u>	<u>987,344</u>	<u>913,364</u>	<u>3,057,402</u>				<u>1,204,498</u>
Total	<u>\$ 13,580,544</u>	<u>\$ 3,639,025</u>	<u>\$ 2,617,765</u>	<u>\$ 3,057,402</u>				
<b>General Revenues and Transfers:</b>								
Taxes					4,746,597	-	4,746,597	522,677
Federal, State, and Local - General					16,487	-	16,487	59,093
Investment Earnings					38,460	3,016	41,476	708
Gain on Equipment Disposal					-	-	-	2,000
Other Revenues					-	138,996	138,996	-
Transfers					216,082	(216,082)	-	-
Total General Revenues and Transfers					<u>5,017,626</u>	<u>(74,070)</u>	<u>4,943,556</u>	<u>584,478</u>
Change in Net Position					(725,294)	198,000	(527,294)	1,788,976
Net Position - Beginning					<u>9,394,225</u>	<u>2,151,241</u>	<u>11,545,466</u>	<u>7,259,031</u>
<b>Net Position - Ending</b>					<u>\$ 8,668,931</u>	<u>\$ 2,349,241</u>	<u>\$ 11,018,172</u>	<u>\$ 9,048,007</u>

See accompanying notes to financial statements.

# County of Crawford, Michigan

## Balance Sheet Governmental Funds September 30, 2013

	<u>General</u>	<u>Revenue Sharing Reserve</u>	<u>County Library</u>	<u>Housing Commission</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>						
Cash and Equivalents - Unrestricted	\$ 399,644	\$ 442,988	\$ 369,531	\$ 56,635	\$ 1,314,346	\$ 2,583,144
Receivables:						
Accounts	111,108	-	888	-	287,594	399,590
Taxes	1,351,775	-	617	-	2,205	1,354,597
Interest	375	-	2,361	-	-	2,736
Notes	-	-	-	1,630,278	171,906	1,802,184
Inventory	-	-	-	-	5,910	5,910
Prepaid Expenses	52,834	-	-	-	-	52,834
Due from Other Funds	-	-	-	-	86,000	86,000
<b>TOTAL ASSETS</b>	<u>\$ 1,915,736</u>	<u>\$ 442,988</u>	<u>\$ 373,397</u>	<u>\$ 1,686,913</u>	<u>\$ 1,867,961</u>	<u>\$ 6,286,995</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 72,178	\$ -	\$ 9,514	\$ 3,829	\$ 165,018	\$ 250,539
Accrued Liabilities	71,224	-	5,687	150	45,267	122,328
Due to Other Funds	1,059,000	-	-	-	218,000	1,277,000
Due to Other Governmental Units	-	-	-	-	1,215	1,215
Unearned Revenue	-	-	-	1,630,278	171,906	1,802,184
<b>TOTAL LIABILITIES</b>	<u>1,202,402</u>	<u>-</u>	<u>15,201</u>	<u>1,634,257</u>	<u>601,406</u>	<u>3,453,266</u>
<b>FUND BALANCES:</b>						
Nonspendable	52,834	-	-	-	5,910	58,744
Restricted	-	442,988	-	52,656	705,893	1,201,537
Committed	-	-	358,196	-	473,819	832,015
Assigned	-	-	-	-	80,933	80,933
Unassigned	660,500	-	-	-	-	660,500
<b>TOTAL FUND BALANCES</b>	<u>713,334</u>	<u>442,988</u>	<u>358,196</u>	<u>52,656</u>	<u>1,266,555</u>	<u>2,833,729</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 1,915,736</u>	<u>\$ 442,988</u>	<u>\$ 373,397</u>	<u>\$ 1,686,913</u>	<u>\$ 1,867,961</u>	
<b>Reconciliation to amounts reported for governmental activities in the statement of net position:</b>						
Capital assets used by governmental activities						7,873,078
Long-term bonds payable for governmental activities						(1,739,000)
Post-employment benefit liability						(1,912,035)
Compensated absences liability						(163,050)
Internal service funds activity						3,010
Deferred revenue recognized as current revenue						1,802,184
Accrued interest expense						(28,985)
<b>Net position of governmental activities</b>						<u>\$ 8,668,931</u>

# County of Crawford, Michigan

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds Year Ended September 30, 2013

	General	Revenue Sharing Reserve	County Library	Housing Commission	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 3,546,805	\$ -	\$ 236,833	\$ -	\$ 962,959	\$ 4,746,597
Licenses and Permits	28,495	-	-	-	103,706	132,201
Federal Sources	37,828	-	-	94,023	465,081	596,932
State Sources	467,593	-	7,698	17,595	395,216	888,102
Local Sources	-	-	-	-	219,367	219,367
Charges for Services	762,514	-	-	-	672,574	1,435,088
Interest and Rentals	13,716	641	2,301	34	21,768	38,460
Other Revenues	181,927	-	217,679	62,833	282,816	745,255
<b>TOTAL REVENUES</b>	<b>5,038,878</b>	<b>641</b>	<b>464,511</b>	<b>174,485</b>	<b>3,123,487</b>	<b>8,802,002</b>
<b>EXPENDITURES:</b>						
Legislative	119,263	-	-	-	-	119,263
Judicial	983,932	-	-	-	395,980	1,379,912
General Government	1,395,760	-	-	-	446,297	1,842,057
Public Safety	2,095,575	-	-	-	1,226,031	3,321,606
Health and Welfare	146,126	-	-	230,674	1,484,586	1,861,386
Recreation and Cultural	-	-	461,508	-	4,556	466,064
Community/Economic Development	-	-	-	-	15,002	15,002
Capital Outlay	7,133	-	-	-	131,879	139,012
Debt Service	-	-	-	-	280,675	280,675
Other Expenditures	106,223	-	-	-	-	106,223
<b>TOTAL EXPENDITURES</b>	<b>4,854,012</b>	<b>-</b>	<b>461,508</b>	<b>230,674</b>	<b>3,985,006</b>	<b>9,531,200</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>184,866</b>	<b>641</b>	<b>3,003</b>	<b>(56,189)</b>	<b>(861,519)</b>	<b>(729,198)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers In	138,272	-	-	-	1,093,713	1,231,985
Transfers Out	(354,642)	(314,761)	-	-	(346,500)	(1,015,903)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(31,504)</b>	<b>(314,120)</b>	<b>3,003</b>	<b>(56,189)</b>	<b>(114,306)</b>	<b>(513,116)</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>744,838</b>	<b>757,108</b>	<b>355,193</b>	<b>108,845</b>	<b>1,380,861</b>	<b>3,346,845</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 713,334</b>	<b>\$ 442,988</b>	<b>\$ 358,196</b>	<b>\$ 52,656</b>	<b>\$ 1,266,555</b>	<b>\$ 2,833,729</b>

# County of Crawford, Michigan

## Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended September 30, 2013

Net changes in fund balances - total governmental funds \$ (513,116)

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

Notes are recorded in the statement of activities as revenues when executed; they are not reported in the funds until collected or collectible within 60 days after year end. (92,606)

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 (\$198,109) exceeded capital outlay \$28,966 in the current period. (169,143)

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

Principal repayments:  
Bonds Payable 194,000

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Postemployment Benefits (173,238)  
Accrued Interest on Bonds 4,762  
Compensated Absences 24,047

Changes in net position of governmental activities \$ (725,294)

**Statement of Net Position  
Proprietary Funds  
September 30, 2013**

	Enterprise Funds			Totals	Internal Service Fund
	Prior Delinquent Tax	2012 Delinquent Tax	Nonmajor Enterprise		
<b>ASSETS:</b>					
Cash and Equivalents- Unrestricted	\$ 603,632	\$ 35,844	\$ 40,050	\$ 679,526	\$ 3,488
Receivables:					
Taxes	-	900,591	307,167	1,207,758	-
Interest	-	62,899	91,867	154,766	-
Due from Other Funds	58,000	-	1,283,000	1,341,000	-
Other Assets	20	8,691	15,413	24,124	-
<b>TOTAL ASSETS</b>	<u>\$ 661,652</u>	<u>\$ 1,008,025</u>	<u>\$ 1,737,497</u>	<u>\$ 3,407,174</u>	<u>\$ 3,488</u>
<b>LIABILITIES:</b>					
Accounts Payable	\$ -	\$ -	\$ 1,409	\$ 1,409	\$ 478
Notes Payable - Due within one year	-	900,000	-	900,000	-
Due to Other Funds	-	-	150,000	150,000	-
Due to Governmental Units	12	-	6,512	6,524	-
<b>TOTAL LIABILITIES</b>	<u>12</u>	<u>900,000</u>	<u>157,921</u>	<u>1,057,933</u>	<u>478</u>
<b>NET POSITION:</b>					
Unrestricted	<u>661,640</u>	<u>108,025</u>	<u>1,579,576</u>	<u>2,349,241</u>	<u>3,010</u>
<b>TOTAL NET POSITION</b>	<u>\$ 661,640</u>	<u>\$ 108,025</u>	<u>\$ 1,579,576</u>	<u>\$ 2,349,241</u>	<u>\$ 3,010</u>

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
Year Ended September 30, 2013**

	Enterprise Funds			Totals	Internal Service Fund
	Prior Delinquent Tax	2012 Delinquent Tax	Nonmajor Enterprise		
<b>OPERATING REVENUES:</b>					
Charges for Services	\$ -	\$ 33,489	\$ 199,769	\$ 233,258	\$ -
Interest and Rentals	-	90,659	124,313	214,972	-
<b>TOTAL OPERATING REVENUES</b>	<b>-</b>	<b>124,148</b>	<b>324,082</b>	<b>448,230</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>					
Supplies	-	-	663	663	-
Contracted Services	-	-	63,291	63,291	-
Other Expenses	-	13,253	91,179	104,432	-
<b>TOTAL OPERATING EXPENSES</b>	<b>-</b>	<b>13,253</b>	<b>155,133</b>	<b>168,386</b>	<b>-</b>
<b>OPERATING INCOME (LOSS)</b>	<b>-</b>	<b>110,895</b>	<b>168,949</b>	<b>279,844</b>	<b>-</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Other Revenues	-	-	138,996	138,996	-
Interest on Deposits	3,016	-	-	3,016	-
Interest Expense	-	(2,870)	(4,904)	(7,774)	-
<b>TOTAL NON-OPERATING REVENUES</b>	<b>3,016</b>	<b>(2,870)</b>	<b>134,092</b>	<b>134,238</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>3,016</b>	<b>108,025</b>	<b>303,041</b>	<b>414,082</b>	<b>-</b>
Transfers In	-	-	232,264	232,264	-
Transfers Out	(46,888)	-	(401,458)	(448,346)	-
<b>CHANGE IN NET POSITION</b>	<b>(43,872)</b>	<b>108,025</b>	<b>133,847</b>	<b>198,000</b>	<b>-</b>
NET POSITION, OCTOBER 1	705,512	-	1,445,729	2,151,241	3,010
<b>NET POSITION, SEPTEMBER 30</b>	<b>\$ 661,640</b>	<b>\$ 108,025</b>	<b>\$ 1,579,576</b>	<b>\$ 2,349,241</b>	<b>\$ 3,010</b>

# County of Crawford, Michigan

## Statement of Cash Flows Proprietary Funds Year Ended September 30, 2013

	Enterprise Funds			Totals	Internal Service Fund
	Prior Delinquent Tax	2012 Delinquent Tax	Nonmajor Enterprise		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from Customers	\$ -	\$ (848,033)	1,321,670	\$ 473,637	\$ -
Payments to Suppliers	-	(13,253)	(204,621)	(217,874)	(120)
Internal Activity - Payments/Receipts with Other Funds	632,026	-	(536,618)	95,408	-
Net Cash Provided (Used) by Operating Activities	632,026	(861,286)	580,431	351,171	(120)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Note Proceeds	-	1,400,000	-	1,400,000	-
Principal Payments	-	(500,000)	(975,000)	(1,475,000)	-
Interest Payments	-	(2,870)	(4,904)	(7,774)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	897,130	(979,904)	(82,774)	-
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Other Revenues	-	-	138,996	138,996	-
Transfers In	-	-	232,264	232,264	-
Transfers Out	(46,888)	-	(401,458)	(448,346)	-
Net Cash Provided (Used) by Non-Capital And Related Financing Activities	(46,888)	-	(30,198)	(77,086)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest on Deposits	3,016	-	-	3,016	-
Net Cash Provided by Investing Activities	3,016	-	-	3,016	-
Net Increase (Decrease) in Cash and Equivalents	588,154	35,844	(429,671)	194,327	(120)
Cash and Equivalents - Beginning of the Year	15,478	-	469,721	485,199	3,608
Cash and Equivalents - End of the Year	<u>\$ 603,632</u>	<u>\$ 35,844</u>	<u>\$ 40,050</u>	<u>\$ 679,526</u>	<u>\$ 3,488</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income (Loss)	\$ -	\$ 110,895	\$ 168,949	\$ 279,844	\$ -
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Change in Assets and Liabilities:					
(Increase) Decrease in Assets:					
Taxes Receivable	-	(900,591)	911,281	10,690	-
Interest Receivable	-	(62,899)	56,538	(6,361)	-
Other Assets	-	(8,691)	29,113	20,422	-
Due from Other Funds	632,000	-	(572,000)	60,000	-
Due from Other Governmental Units	14	-	-	14	-
Increase (Decrease) in Liabilities:					
Accounts Payable	-	-	1,123	1,123	(120)
Due to Other Funds	-	-	34,000	34,000	-
Due to Governmental Units	12	-	(48,573)	(48,561)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 632,026</u>	<u>\$ (861,286)</u>	<u>\$ 580,431</u>	<u>\$ 351,171</u>	<u>\$ (120)</u>

**Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2013**

	<u>Agency Funds</u>
<b>ASSETS:</b>	
Cash and Cash Equivalents	\$ 2,074,710
Due from Others	30,000
Taxes Receivable	<u>2,233</u>
 TOTAL ASSETS	 <u>\$ 2,106,943</u>
 <b>LIABILITIES:</b>	
Accounts Payable	\$ 24,818
Due to Others	153,854
Due to Other Governmental Units	<u>1,928,271</u>
 TOTAL LIABILITIES	 <u>\$ 2,106,943</u>



## **Notes to Financial Statements**

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

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

**A – Reporting Entity:**

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

**Component Units:**

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

**Blended Component Units**

Crawford County Building Authority - The Authority is an entity legally separate from the County. The Authority is governed by a board appointed by the Commission and is reported as if it were part of the County's operations because its primary purpose is the procurement and management of debt financing for the County.

**Discretely Presented Component Unit**

The component unit column in the government-wide financial statements includes the financial data of the Road Commission. The following is a summary of the component unit:

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

Crawford County Road Commission  
500 Huron Street  
Grayling, MI 49738

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

**Jointly Governed Organization**

District #10 Health Department - The County of Crawford, in conjunction with nine other counties, has created the District #10 Health Department. The Board of the Health Department is composed of 20 members from each of the boards of the participating governments. The County of Crawford appropriated \$88,784 to the District #10 Health Department for the year ended September 30, 2013.

Northern Lakes Community Mental Health Authority - The County of Crawford, in conjunction with Grand Traverse, Leelanau, Missaukee, Wexford and Roscommon, has created the Northern Lakes Community Mental Health Authority. The board of the Authority is composed of 16 members from each of the boards of the participating governments. The County of Crawford appropriated \$36,798 to the Authority for the year ended September 30, 2013.

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

**B – Government-Wide and Fund Financial Statements:**

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

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

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

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

**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.

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

Taxes Receivable – Current or Property Taxes

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

Although the County of Crawford 2012 ad valorem tax is levied and collectible on December 1, 2012, and 2013 ad valorem tax is levied and collectible on July 1, 2013, it is the County of Crawford’s policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made “available” for the financing of operations. “Available” means collected within the current period or expected to be paid from the delinquent tax revolving funds within one year.

The 2012 taxable valuation of the County of Crawford totaled \$525,684,988, on which ad valorem taxes levied consisted of .23 mills for Library Debt, .4458 mills for Library Operating, .8917 mills for Sheriff Operating, .7185 mills for Commission on Aging, .4845 mills for Recreation Authority, .7027 mills for Public Transit, raising \$122,615 for Library Debt, \$236,833 for Library Operating, \$467,750 for Sheriff Operating, \$372,593 for Commission on Aging, \$256,613 for Recreation Authority, and \$372,176 for Public Transit. These amounts are recognized in the respective General, Special Revenue, and Agency Fund financial statements as taxes receivable – current or as tax revenue.

The July 1, 2013 taxable valuation of County of Crawford totaled \$537,783,385, on which ad valorem taxes levied consisted of 6.0925 mills for the General Fund raising \$3,290,506, this amount is recognized in the General Fund financial statements as revenue.

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

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.

**Revenue Sharing Reserve**

The Revenue Sharing Reserve fund accounts for tax monies set aside to fund revenue sharing for the County for the next four years.

**County Library**

The County Library provides cultural and educational enrichment to the residents of Crawford County.

**Housing Commission**

This fund provides loans to individuals in Crawford County for low income housing and rehabilitation of existing homes.

The County reports the following major proprietary funds:

**Prior Delinquent Tax Fund**

This fund accounts for the collection of delinquent taxes.

**2012 Delinquent Tax Fund**

This fund accounts for the collection of delinquent taxes.

Additionally, the County reports the following fund types:

Special Revenue Funds - The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects).

Debt Service Funds - The debt service funds accounts for the servicing of general long-term debt not being financed by proprietary or permanent trust funds.

Internal Service Funds - Internal service funds account for the operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relate to charges to customers for tax collections. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

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

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

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

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

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

Inventories and Prepaid Items – Except for the Commission on Aging, all other inventories, including the cost of supplies, are expensed when purchased. Certain payments for insurance charges reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years
Infrastructure – Roads	8 to 20 years
Infrastructure – Bridges	12 to 30 years

Vested Benefits Payable – County General Employees - The County’s employment policies provide for vacation benefits to be earned in varying amounts depending on the employee’s years of service.

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. Employees are required to use their vacation leave in accordance with the applicable bargaining unit contract. Under special circumstances, the carry-over provision may be exceeded if authorized by the Board.

The County’s employment policies provide for sick leave benefits to be earned in accordance with the applicable bargaining unit contract. When employees separate from employment with the County, bargaining unit employees are entitled to be compensated for earned paid leave time that has accrued. However, non-union employees have no such entitlement to accrued time off.

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

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

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.

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

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The Board has classified Inventories and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has committed \$832,015 for specific fund purposes.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.



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

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

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

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

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

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

Subsequent Events – Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 18, 2014, which is the date the financial statements were available to be issued.

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

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

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

- a. Each September, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing October 1 and lapses on September 30. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to October 1, the budget is legally enacted through a resolution passed by the Board of Commissioners.

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

- 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.

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

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

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

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

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Cash and Equivalents – Unrestricted	\$ 2,586,632	\$ 679,526	\$ 3,266,158	\$ 2,074,710	\$ 980,885
Total	<u>\$ 2,586,632</u>	<u>\$ 679,526</u>	<u>\$ 3,266,158</u>	<u>\$ 2,074,710</u>	<u>\$ 980,885</u>

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

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Unit</u>
Bank Deposits (checking and savings accounts, certificates of deposit and money markets)	\$ 3,254,681	\$ 2,074,710	\$ 980,685
Petty Cash and Cash on Hand	<u>11,477</u>	<u>-</u>	<u>200</u>
Total	<u>\$ 3,266,158</u>	<u>\$ 2,074,710</u>	<u>\$ 980,885</u>

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

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

*Custodial deposit credit risk.* Custodial deposit credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$2,728,453 of the County’s bank balance of \$5,054,197 was exposed to credit risk because it was uninsured and uncollateralized.

Statutory Authority:

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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.

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

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

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

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

**NOTE 4 - CAPITAL ASSETS**

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital assets not being depreciated:</i>				
Land and improvements	\$ 4,930,000	\$ -	\$ -	\$ 4,930,000
<i>Capital assets being depreciated:</i>				
Buildings and improvements	7,353,506	-	-	7,353,506
Furniture and equipment	419,618	5,990	-	425,608
Vehicles	<u>457,627</u>	<u>25,702</u>	<u>(43,068)</u>	<u>440,261</u>
Subtotal	<u>8,230,751</u>	<u>31,692</u>	<u>(43,068)</u>	<u>8,219,375</u>
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(4,495,505)	(128,041)	-	(4,623,546)
Furniture and equipment	(306,599)	(29,070)	-	(335,669)
Vehicles	<u>(316,426)</u>	<u>(40,998)</u>	<u>40,342</u>	<u>(317,082)</u>
Subtotal	<u>(5,118,530)</u>	<u>(198,109)</u>	<u>40,342</u>	<u>(5,276,297)</u>
Net capital assets being depreciated	<u>3,112,221</u>	<u>(166,417)</u>	<u>(2,726)</u>	<u>2,943,078</u>
Capital Assets – Net of Depreciation	<u>\$ 8,042,221</u>	<u>\$ (166,417)</u>	<u>\$ (2,726)</u>	<u>\$ 7,873,078</u>

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

Governmental Activities:	
Judicial	\$ 1,092
General Government	65,079
Public Safety	99,947
Recreation and Culture	27,769
Health and Welfare	<u>4,222</u>
Total Governmental Activities	<u>\$ 198,109</u>

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

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land and land improvements	\$ 73,092	\$ -	\$ -	\$ 73,092
<i>Capital assets being depreciated:</i>				
Buildings	1,888,224	2,834	-	1,891,058
Equipment – road	4,287,738	112,079	(60,357)	4,339,460
Equipment – shop	73,859	-	-	73,859
Equipment – office	151,328	-	-	151,328
Equipment – engineer	13,450	-	-	13,450
Depletable assets	50,282	-	-	50,282
Infrastructure – roads	<u>5,179,423</u>	<u>2,106,277</u>	<u>-</u>	<u>7,285,700</u>
Subtotal	<u>11,644,304</u>	<u>2,221,190</u>	<u>(60,357)</u>	<u>13,805,137</u>
<i>Less accumulated depreciation:</i>				
Buildings	(778,461)	(36,103)	-	(814,564)
Equipment – road	(3,158,358)	(391,795)	60,357	(3,489,796)
Equipment – shop	(63,300)	(2,683)	-	(65,983)
Equipment – office	(146,886)	(2,366)	-	(149,252)
Equipment – engineer	(7,667)	(1,695)	-	(9,362)
Depletable assets	(49,107)	-	-	(49,107)
Infrastructure – roads	<u>(485,645)</u>	<u>(186,365)</u>	<u>-</u>	<u>(672,010)</u>
Subtotal	<u>(4,689,424)</u>	<u>(621,007)</u>	<u>60,357</u>	<u>(5,250,074)</u>
Net capital assets being depreciated	<u>6,954,880</u>	<u>1,600,183</u>	<u>-</u>	<u>8,555,063</u>
Capital Assets – Net of Depreciation	<u>\$ 7,027,972</u>	<u>\$ 1,600,183</u>	<u>\$ -</u>	<u>\$ 8,628,155</u>

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

Public Works:	
Net Equipment Expense	\$ 413,963
Net Administrative Expense	10,149
Infrastructure	186,365
Salt Storage Sheds	<u>10,530</u>
Total Depreciation	<u>\$ 621,007</u>

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

The composition of interfund balances is as follows:

The County reports interfund balances between some of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

		<b>DUE FROM OTHER FUNDS</b>			
		<u>Nonmajor Governmental</u>	<u>Prior Delinquent Tax</u>	<u>Nonmajor Proprietary</u>	<u>Total</u>
<b>DUE TO OTHER FUNDS</b>	General Fund	\$ 86,000	\$ 58,000	\$ 915,000	\$ 1,059,000
	Nonmajor Governmental	-	-	218,000	218,000
	Nonmajor Proprietary	-	-	150,000	150,000
	<b>Total</b>	<u>\$ 86,000</u>	<u>\$ 58,000</u>	<u>\$ 1,283,000</u>	<u>\$ 1,427,000</u>

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

		<b>TRANSFERS OUT</b>					
		<u>General Fund</u>	<u>Revenue Sharing Reserve</u>	<u>Nonmajor Governmental</u>	<u>Prior Delinquent Tax</u>	<u>Nonmajor Proprietary</u>	<u>Total</u>
<b>TRANSFERS IN</b>	General Fund	\$ -	\$ 73,190	\$ 65,082	\$ -	\$ -	\$ 138,272
	Nonmajor Governmental	354,642	241,571	281,418	-	216,082	1,093,713
	Nonmajor Proprietary	-	-	-	46,888	185,376	232,264
	<b>Total</b>	<u>\$ 354,642</u>	<u>\$ 314,761</u>	<u>\$ 346,500</u>	<u>\$ 46,888</u>	<u>\$ 401,458</u>	<u>\$ 1,464,249</u>

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

**NOTE 6 - LONG-TERM DEBT**

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

Bond and contractual obligation activity can be summarized as follows:

	Interest Rate	Principal Matures	Beginning Balance	Adjustments/ Increases	Adjustments/ Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>							
General Obligation Bonds							
2000 Library	4.5-5.1%	2015	\$ 300,000	\$ -	\$ (100,000)	\$ 200,000	\$ 100,000
2007 Animal Control Building	4.125%	2036	338,000	-	(23,000)	315,000	8,000
2007 Animal Control Building	4.125%	2036	25,000	15,000	(1,000)	39,000	1,000
Capital Improvement Bonds							
Series 2009	4.270%	2024	<u>1,270,000</u>	<u>-</u>	<u>(85,000)</u>	<u>1,185,000</u>	<u>85,000</u>
Total Governmental Activities			<u>\$ 1,933,000</u>	<u>\$ 15,000</u>	<u>\$ (209,000)</u>	<u>\$ 1,739,000</u>	<u>\$ 194,000</u>
<b>Business-Type Activities</b>							
Limited Tax Notes							
2012 Tax Notes Series	Variable*	2015	\$ 975,000	\$ -	\$ (975,000)	\$ -	\$ -
2013 Tax Notes Series	Variable*	2015	<u>-</u>	<u>1,400,000</u>	<u>(500,000)</u>	<u>900,000</u>	<u>900,000</u>
Total Business-Type Activities			<u>\$ 975,000</u>	<u>\$ 1,400,000</u>	<u>\$ (1,475,000)</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>

Other Information on Long-Term Debt

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

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

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

Year End September 30	Governmental Activities	
	Principal	Interest
2014	\$ 194,000	\$ 74,986
2015	199,000	67,065
2016	105,000	58,647
2017	110,000	54,673
2018	111,000	50,239
2019-2023	639,000	173,138
2024-2028	209,000	47,010
2029-2033	88,000	23,595
2034-2037	<u>84,000</u>	<u>4,930</u>
Total	<u>\$ 1,739,000</u>	<u>\$ 554,283</u>



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

The changes in vested benefits are summarized as follows:

<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>
\$ 187,098	\$ (24,048)	\$ 163,050

The Long-Term Debt of the Road Commission is composed of six items; four capitalized leases, net OPEB obligations, and vested vacation and sick leave.

	<u>Beginning Balances</u>	<u>Additions (Reductions)</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:				
Capitalized leases	\$ 806,603	\$ (64,563)	\$ 742,040	\$ 64,003
Net OPEB obligation	37,503	(7,073)	30,430	-
Compensated absences	<u>139,018</u>	<u>15,822</u>	<u>154,840</u>	<u>-</u>
	<u>\$ 983,124</u>	<u>\$ (55,814)</u>	<u>\$ 927,310</u>	<u>\$ 64,003</u>

Capital Leases – The County Road Commission leases various equipment under capital leases with monthly lease payments ranging from \$1,212 to \$2,082, including interest rates ranging from 1.132% to 4.203%. The leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of future minimum lease payments as of the inception date. The future minimum lease obligations and the net present values are as follows:

2014	\$ 83,534
2015	83,534
2016	343,297
2017	<u>285,778</u>
Total minimum lease payments	796,143
Less amount representing interest	<u>(54,103)</u>
Present value of minimum lease payment	<u>\$ 742,040</u>

**NOTE 7 - CONTINGENT LIABILITIES**

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at September 30, 2013.

Litigation - The County is involved in various lawsuits now pending. It is the opinion of the County and of its counsel that the outcome of the various lawsuits will not materially affect the operations or the financial position of the County. The amount of all legal costs relating to such actions are not currently determinable.

**NOTE 8 - RISK MANAGEMENT**

In 1996, the County of Crawford signed the Michigan Township Participating Plan, which is a risk management program that will lessen or prevent the incidence or severity of casualty losses in the operations of its members. The programs are subject to change in the future. The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The County is unable to provide an estimate of the amounts of any potential additional assessments.

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

***PRIMARY GOVERNMENT***

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 multiplied by the sum of 2.0-2.50 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2012.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

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.

Annual Pension Cost

During the fiscal year ended September 30, 2013, the County’s contributions totaling \$521,803 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2012. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 26 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his projected benefit.

Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent attributable to inflation and additional projected salary increases of .30 to 8.40 percent per year depending on age, attributable to seniority/merit.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 527,804	100%	0
2012	549,486	100%	0
2013	521,803	100%	0

***ROAD COMMISSION***

Description of Plan and Plan Assets

The Road Commission has an agent, multi-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 multiplied by the sum of 2.0 percent or 2.25 percent times the final compensation (FAC), with a maximum benefit of 80% FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2012.

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

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

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 based on gross wages by County Road Commission only.

Annual Pension Cost

For year ended September 30, 2013, the Crawford County Road Commission’s pension cost of \$343,896 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as December 31, 2012, 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. Both determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 26 years.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	\$ 275,274	100%	0
2011	310,578	100%	0
2012	342,238	100%	0

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS**

Primary Government

*Plan Description.* The County administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees through the County’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the County and employees. The Retiree Health Plan does not issue a publicly available financial report.

*Funding Policy.* Crawford County has the authority to establish and amend the obligations of Crawford County and plan members to contribute to the plan. Active plan members are currently not obligated to make contributions to the plan. The County will not, at this time, make contributions in excess of benefits as they come due. The County pays single or double medical coverage that is capped at \$900 per year.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

Annual required contribution	\$ 354,575
Interest on net OPEB obligation	62,659
Adjustment to annual required contribution	<u>(135,508)</u>
Annual OPEB cost (expense)	281,726
Contributions made	<u>(108,488)</u>
Increase in net OPEB obligation	173,238
Net OPEB obligation – beginning of year	<u>1,738,797</u>
Net OPEB obligation – end of year	<u><u>\$ 1,912,035</u></u>

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2011, 2012, and 2013 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 674,327	21%	\$ 1,566,481
2012	\$ 281,726	39%	\$ 1,738,797
2013	\$ 281,726	39%	\$ 1,912,035

*Funded Status and Funding Progress.* As of September 30, 2013, the actuarial accrued liability for benefits was \$3,536,453, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was unavailable, and the ratio of the unfunded actuarial accrued liability to the covered payroll was unavailable.

Actuarial valuation of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

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

In the December 31, 2012, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 8.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 4.5% after ten years. Both rates included a percent inflation assumptions. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

**Component Unit – Road Commission**

In addition to the pension benefits described in Note 9, the Crawford County Road Commission provides post employment health care benefits as follows:

*Plan Description:* the Road Commission administers a single employer defined benefit healthcare plan. The Plan provides healthcare insurance for eligible employees and their spouses through the Road Commission's group insurance plan which covers both active and retired members. Benefit provisions are established and may be amended by the Board of County Road Commissioners.

*Funding Policy:* An employee hired after July 2, 2002 must be age 55 or older with 15 years of service at their retirement date to qualify for post retirement health care benefits. An employee hired prior to July 2, 2002 that retires at age 55 or older with less than 10 years of service does not qualify for postretirement healthcare benefits. The benefits are pro-rated for employees hired prior to July 2, 2002 retiring at 55 or older with at least 10 but less than 15 years of service. The pro-rated benefits at 10 years of service are 50% and increase 10% for each additional year of service until 100% is reached at 15 years of services.

The Road Commission pays the health insurance premium for the retiree and 50% of the premium expense for the spouse for retirees aged 55-64.

Beginning at age 65, the Road Commission pays the lesser of 50% or \$150 per month of the retiree's monthly premium for supplemental insurance. The same amount is paid for the retiree's spouse when the spouse is age 65 or older. Spouses under the age of 65 are eligible for COBRA coverage for 36 months with the Road Commission paying 50% of the premium. Once the 36 months have expired and the spouse is under age 65, the Road Commission will pay 50% of the monthly insurance premium rate as determined under the union negotiated contract. These benefits are provided for the retiree until death or age 80, whichever event occurs first. If the retiree dies, the surviving spouse continues to receive the benefit until the deceased retiree would have reached the age of 80.

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

*Annual OPEB Cost and Net OPEB Obligation:* The Road Commission’s annual other post employment benefit (OPEB) cost is calculated based on the annual required contribution (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize an unfunded actuarial liabilities (or funding excess) over a period not to exceed 15 years. The following table shows the components of the Road Commission’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Road Commission’s net OPEB obligation to the Plan for the plan year ended September 30, 2013:

Annual required contribution	\$ 113,506
Interest on prior year net OBEB obligation	<u>1,125</u>
Annual OPEB cost	114,631
Contributions made	<u>(121,704)</u>
Decrease in net OPEB obligation	(7,073)
Net OPEB obligation – beginning of year	<u>37,503</u>
Net OPEB obligation – end of year	<u>\$ 30,430</u>

The Road Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the years ended September 30, 2011, 2012, and 2013 are as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2011	\$ 95,750	109.91%	\$ 12,543
2012	\$ 143,999	82.67%	\$ 37,503
2013	\$ 114,631	106.17%	\$ 30,430

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

**NOTE 10 - OTHER POST-EMPLOYMENT BENEFITS (Continued)**

The following actuarial assumptions were used in the development of the Crawford County Road Commission’s retiree health cost projections:

1. Actuarial Cost Method: Alternate Method as provided under GASB 45 for plans with fewer than 100 employees.
2. Interest Discount Rate: 3.00% compounded annually
3. Mortality Prior to Retirement: None
4. Turnover Prior to Retirement: Based on GASB 45 – Table 1 in paragraph 45b
5. Payroll Growth Rate: 3%
6. Healthcare Cost Assumption: National Health Care Expenditures Projections
7. Post Retirement Mortality Rate: National Center for Health Statistics mortality tables

**NOTE 11 - NOTES RECEIVABLE**

The following is a summary of the notes receivable:

	<u>Balance 10/01/12</u>	<u>Adjustments/ Additions</u>	<u>Adjustments/ Reductions</u>	<u>Balance 09/30/13</u>
Housing Commission:				
Loans	\$ 1,708,881	\$ 17,525	\$ (96,127)	\$ 1,630,279
Milltown	35,372	-	(2,089)	33,283
Economic Development Fund	<u>150,537</u>	<u>-</u>	<u>(11,915)</u>	<u>138,622</u>
<b>TOTALS</b>	<u>\$ 1,894,790</u>	<u>\$ 17,525</u>	<u>\$ (110,131)</u>	<u>\$ 1,802,184</u>

**NOTE 12 - NET POSITION RESTRICTIONS**

Net asset restrictions are described as follows:

Government Activities	\$ 1,201,537	Restricted for Revenue Sharing, Housing Commission and Other Governmental Purposes
Component Unit	\$ 1,161,892	Restricted for Roads



**NOTE 13 - CHANGE IN PRESENTATION**

During 2013, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which provides guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. There were no significant changes to the financial statements as a result of adopting these Statements. The County did not adopted provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Effects on the financial statements as a result of adopting this standard are limited to financial presentation.

## **Required Supplementary Information**

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**Required Supplementary Information  
Employee Retirement and Benefit Systems  
Schedule of Funding Progress  
September 30, 2013**

**Pension:**

***PRIMARY GOVERNMENT***

Three year trend information as of December 31st follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarial Value of Assets	\$ 11,108,402	\$ 11,405,524	\$ 11,689,659
Actuarial Accrued Liability	15,584,989	16,123,521	16,631,819
Unfunded AAL	4,476,587	4,717,997	4,942,160
Funded Ratio	71%	71%	70%
Covered Payroll	2,770,002	2,634,948	2,649,523
UAAL as a Percentage of Covered Payroll	162%	179%	187%

***ROAD COMMISSION***

Three year trend information as of December 31st follows:

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Actuarial Value of Assets	\$ 3,218,339	\$ 3,241,325	\$ 3,268,097
Actuarial Accrued Liability	7,019,079	7,479,153	7,758,490
Unfunded (Overfunded) AAL	3,800,740	4,237,828	4,490,393
Funded Ratio	46%	43%	42%
Covered Payroll	1,183,283	1,276,527	1,282,931
UAAL as a Percentage of Covered Payroll	321%	332%	350%

**Health Plan:**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) / c)</u>
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***PRIMARY GOVERNMENT***

2008	\$	-	\$ 5,784,181	\$ 5,784,181	0.0%	Not Available	Not Available
2009		-	5,784,181	5,784,181	0.0%	Not Available	Not Available
2012		-	3,536,453	3,536,453	0.0%	Not Available	Not Available

***ROAD COMMISSION***

2010	\$	-	\$ 1,353,806	\$ 1,353,806	0.0%	Not Available	Not Available
2013	\$	-	\$ 1,702,597	\$ 1,702,597	0.0%	Not Available	Not Available

Required Supplementary Information  
 Budgetary Comparison Schedule  
 General Fund  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 3,391,368	\$ 3,543,368	\$ 3,546,805	\$ 3,437
Licenses and Permits	29,000	26,000	28,495	2,495
Federal Sources	40,257	40,257	37,828	(2,429)
State Sources	506,329	491,329	467,593	(23,736)
Charges for Services	710,080	782,080	762,514	(19,566)
Interest and Rentals	13,500	13,700	13,716	16
Other Revenue	75,500	171,500	181,927	10,427
<b>TOTAL REVENUES</b>	<b>4,766,034</b>	<b>5,068,234</b>	<b>5,038,878</b>	<b>(29,356)</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	113,963	119,963	119,263	700
Judicial:				
Trial Court	865,523	845,523	836,077	9,446
Court Appointed Attorneys	136,508	148,508	146,770	1,738
Jury Commission	2,000	3,000	1,085	1,915
<b>Total Judicial</b>	<b>1,004,031</b>	<b>997,031</b>	<b>983,932</b>	<b>13,099</b>
General Government:				
Corporate Counsel	2,500	4,500	3,995	505
Elections	32,750	31,050	30,636	414
County Clerk	235,733	239,933	239,059	874
Controller's Office	140,383	141,083	140,286	797
Equalization	198,773	198,273	197,346	927
Prosecuting Attorney	287,548	299,548	297,741	1,807
COOP Reimbursement Program	6,150	7,650	6,694	956
Crime Victims Program	39,316	31,816	30,593	1,223
Purchasing	26,750	39,750	39,199	551
County Treasurer	163,661	166,661	166,335	326
Data Processing	50,516	72,516	72,297	219
Buildings and Grounds	168,000	175,000	171,579	3,421
<b>Total General Government</b>	<b>1,352,080</b>	<b>1,407,780</b>	<b>1,395,760</b>	<b>12,020</b>
Public Safety:				
Sheriff	858,928	850,928	847,137	3,791
Marine Department	16,720	14,720	13,850	870
Snowmobile Safety	14,665	8,665	8,635	30
Bailiff	14,425	11,425	11,191	234
Secondary Road Patrol	88,956	87,956	87,569	387
Seasonal Traffic Safety	11,565	10,565	10,449	116
Jail	1,042,932	999,932	997,007	2,925
Inmate Transportation	5,875	26,875	26,102	773
ORV Grant	8,250	8,250	7,657	593
Emergency Preparedness	29,314	30,314	30,383	(69)
Animal Control	53,324	56,324	55,595	729
<b>Total Public Safety</b>	<b>2,144,954</b>	<b>2,105,954</b>	<b>2,095,575</b>	<b>10,379</b>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget -
	Original	Final		Positive (Negative)
Health and Welfare:				
District Health Department	50	50	526	(476)
Mental Health	35,600	37,600	36,798	802
Contagious Disease	750	750	66	684
Substance Abuse	41,400	53,400	48,633	4,767
Medical Examiner	39,650	62,650	54,663	7,987
Burial Expense	9,500	5,500	5,440	60
Total Health and Welfare	<u>126,950</u>	<u>159,950</u>	<u>146,126</u>	<u>13,824</u>
Capital Outlay	-	8,000	7,133	867
Other Expenditures:				
Fringe Benefits	7,000	14,000	13,933	67
Insurance	92,986	82,986	82,884	102
Other	1,000	9,500	9,406	94
Total Other Expenditures	<u>100,986</u>	<u>106,486</u>	<u>106,223</u>	<u>263</u>
TOTAL EXPENDITURES	<u>4,842,964</u>	<u>4,905,164</u>	<u>4,854,012</u>	<u>51,152</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(76,930)	163,070	184,866	21,796
OTHER FINANCING SOURCES (USES):				
Transfers In	179,190	210,190	138,272	(71,918)
Transfers Out	(202,260)	(373,260)	(354,642)	18,618
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (100,000)</u>	<u>\$ -</u>	<u>(31,504)</u>	<u>\$ (31,504)</u>
FUND BALANCE, OCTOBER 1			<u>744,838</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 713,334</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Revenue Sharing Reserve Fund  
Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Interest and Rentals	\$ 1,500	\$ 1,500	\$ 641	\$ (859)
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>641</u>	<u>(859)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(301,500)</u>	<u>(316,500)</u>	<u>(314,761)</u>	<u>1,739</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER OTHER FINANCING USES	<u>\$ (300,000)</u>	<u>\$ (315,000)</u>	(314,120)	<u>\$ 880</u>
FUND BALANCE, OCTOBER 1			<u>757,108</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 442,988</u>	

Required Supplementary Information  
 Budgetary Comparison Schedule  
 County Library Fund  
 Year Ended September 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 234,000	\$ 234,000	\$ 236,833	\$ 2,833
State Sources	5,000	5,000	7,698	2,698
Interest and Rentals	475	475	2,301	1,826
Other Revenue	160,525	160,525	217,679	57,154
TOTAL REVENUES	400,000	400,000	464,511	64,511
EXPENDITURES:				
Recreation and Culture	487,900	500,200	461,508	38,692
TOTAL EXPENDITURES	487,900	500,200	461,508	38,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (87,900)	\$ (100,200)	3,003	\$ 103,203
FUND BALANCE, OCTOBER 1			355,193	
FUND BALANCE, SEPTEMBER 30			\$ 358,196	

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Housing Commission**  
**Year Ended September 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ -	\$ 155,000	\$ 94,023	\$ (60,977)
State Sources	-	-	17,595	17,595
Interest and Rentals	-	-	34	34
Other Revenue	-	70,000	62,833	(7,167)
<b>TOTAL REVENUES</b>	<b>-</b>	<b>225,000</b>	<b>174,485</b>	<b>(50,515)</b>
EXPENDITURES:				
Health and Welfare	-	252,676	230,674	22,002
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>252,676</b>	<b>230,674</b>	<b>22,002</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ -</b>	<b>\$ (27,676)</b>	<b>(56,189)</b>	<b>\$ (28,513)</b>
 FUND BALANCE, OCTOBER 1			 <u>108,845</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 52,656</u>	



## **Other Information**

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# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

### Special Revenue Funds

	Revenue Sharing	Economic Development	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling	Sports Complex
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 4,996	\$ 206,108	\$ 40,582	\$ 111,077	\$ 5,922	\$ 78,245	\$ 11,442	\$ 63,853
Receivables:								
Accounts	-	-	-	585	8,831	40,620	25	50,816
Taxes	-	-	-	1,221	-	-	-	-
Notes	-	171,906	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	86,000	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 90,996</u></b>	<b><u>\$ 378,014</u></b>	<b><u>\$ 40,582</u></b>	<b><u>\$ 112,883</u></b>	<b><u>\$ 14,753</u></b>	<b><u>\$ 118,865</u></b>	<b><u>\$ 11,467</u></b>	<b><u>\$ 114,669</u></b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ 418	\$ 5,884	\$ -	\$ 1,594	\$ -	\$ 105,779
Accrued Liabilities	-	-	161	7,926	-	4,748	-	-
Due to Other Funds	-	60,000	38,000	-	12,000	-	-	-
Due to Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenue	-	171,906	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>231,906</u></b>	<b><u>38,579</u></b>	<b><u>13,810</u></b>	<b><u>12,000</u></b>	<b><u>6,342</u></b>	<b><u>-</u></b>	<b><u>105,779</u></b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	146,108	-	99,073	-	-	-	-
Committed	90,996	-	-	-	-	112,523	-	8,890
Assigned	-	-	2,003	-	2,753	-	11,467	-
<b>TOTAL FUND BALANCES</b>	<b><u>90,996</u></b>	<b><u>146,108</u></b>	<b><u>2,003</u></b>	<b><u>99,073</u></b>	<b><u>2,753</u></b>	<b><u>112,523</u></b>	<b><u>11,467</u></b>	<b><u>8,890</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 90,996</u></b>	<b><u>\$ 378,014</u></b>	<b><u>\$ 40,582</u></b>	<b><u>\$ 112,883</u></b>	<b><u>\$ 14,753</u></b>	<b><u>\$ 118,865</u></b>	<b><u>\$ 11,467</u></b>	<b><u>\$ 114,669</u></b>

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

### Special Revenue Funds

	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	Building and Zoning	Sheriff's Youth Services
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 29,947	\$ 2,578	\$ 113,965	\$ 1,310	\$ 4,642	\$ 19,742	\$ 39,225	\$ 8,820
Receivables:								
Accounts	-	-	18,441	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 29,947</u></b>	<b><u>\$ 2,578</u></b>	<b><u>\$ 132,406</u></b>	<b><u>\$ 1,310</u></b>	<b><u>\$ 4,642</u></b>	<b><u>\$ 19,742</u></b>	<b><u>\$ 39,225</u></b>	<b><u>\$ 8,820</u></b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 546	\$ 2,273	\$ 2,059	\$ -	\$ -	\$ -	\$ 3,671	\$ 752
Accrued Liabilities	20	-	1,005	-	1,833	-	1,398	-
Due to Other Funds	-	-	14,000	-	-	-	-	-
Due to Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>566</u></b>	<b><u>2,273</u></b>	<b><u>17,064</u></b>	<b><u>-</u></b>	<b><u>1,833</u></b>	<b><u>-</u></b>	<b><u>5,069</u></b>	<b><u>752</u></b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	29,381	-	115,342	-	2,809	-	-	8,068
Assigned	-	305	-	1,310	-	19,742	34,156	-
<b>TOTAL FUND BALANCES</b>	<b><u>29,381</u></b>	<b><u>305</u></b>	<b><u>115,342</u></b>	<b><u>1,310</u></b>	<b><u>2,809</u></b>	<b><u>19,742</u></b>	<b><u>34,156</u></b>	<b><u>8,068</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 29,947</u></b>	<b><u>\$ 2,578</u></b>	<b><u>\$ 132,406</u></b>	<b><u>\$ 1,310</u></b>	<b><u>\$ 4,642</u></b>	<b><u>\$ 19,742</u></b>	<b><u>\$ 39,225</u></b>	<b><u>\$ 8,820</u></b>

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

### Special Revenue Funds

	Homestead P.R.E. Audit	Remonu- mentation	Register of Deeds Automation	MSU Extension	Drug Enforcement	Law Library	911	Correction Officer Training
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 1,215	\$ 21,122	\$ 342	\$ 7,911	\$ 9,386	\$ 2,743	\$ 15,790	\$ 11,927
Receivables:								
Accounts	-	-	-	-	-	-	108,147	-
Taxes	-	-	-	-	-	-	-	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 1,215</u></b>	<b><u>\$ 21,122</u></b>	<b><u>\$ 342</u></b>	<b><u>\$ 7,911</u></b>	<b><u>\$ 9,386</u></b>	<b><u>\$ 2,743</u></b>	<b><u>\$ 123,937</u></b>	<b><u>\$ 11,927</u></b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 473	\$ 276	\$ -
Accrued Liabilities	-	-	-	-	-	-	7,732	-
Due to Other Funds	-	-	-	-	-	-	94,000	-
Due to Governmental Units	1,215	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>1,215</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>473</u></b>	<b><u>102,008</u></b>	<b><u>-</u></b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	21,929	-
Committed	-	21,122	-	7,911	9,386	-	-	11,927
Assigned	-	-	342	-	-	2,270	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>-</u></b>	<b><u>21,122</u></b>	<b><u>342</u></b>	<b><u>7,911</u></b>	<b><u>9,386</u></b>	<b><u>2,270</u></b>	<b><u>21,929</u></b>	<b><u>11,927</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,215</u></b>	<b><u>\$ 21,122</u></b>	<b><u>\$ 342</u></b>	<b><u>\$ 7,911</u></b>	<b><u>\$ 9,386</u></b>	<b><u>\$ 2,743</u></b>	<b><u>\$ 123,937</u></b>	<b><u>\$ 11,927</u></b>

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

### Special Revenue Funds

	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust	Youth Services Bureau	Hatchery Restoration	Commission on Aging	Court House Preservation
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 6,375	\$ 30,350	\$ 6,585	\$ 5,454	\$ 17,021	\$ 33,988	\$ 289,692	\$ 23,394
Receivables:								
Accounts	-	55,399	-	-	810	-	3,920	-
Taxes	-	-	-	-	-	-	663	-
Notes	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	5,910	-
Due from Other Funds	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 6,375</u></b>	<b><u>\$ 85,749</u></b>	<b><u>\$ 6,585</u></b>	<b><u>\$ 5,454</u></b>	<b><u>\$ 17,831</u></b>	<b><u>\$ 33,988</u></b>	<b><u>\$ 300,185</u></b>	<b><u>\$ 23,394</u></b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ -	\$ 32,697	\$ -	\$ -	\$ 531	\$ 127	\$ 6,425	\$ 1,513
Accrued Liabilities	-	3,745	-	-	1,151	-	15,548	-
Due to Other Funds	-	-	-	-	-	-	-	-
Due to Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b><u>-</u></b>	<b><u>36,442</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,682</u></b>	<b><u>127</u></b>	<b><u>21,973</u></b>	<b><u>1,513</u></b>
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	5,910	-
Restricted	6,375	49,307	-	-	-	-	272,302	21,881
Committed	-	-	-	5,454	16,149	33,861	-	-
Assigned	-	-	6,585	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b><u>6,375</u></b>	<b><u>49,307</u></b>	<b><u>6,585</u></b>	<b><u>5,454</u></b>	<b><u>16,149</u></b>	<b><u>33,861</u></b>	<b><u>278,212</u></b>	<b><u>21,881</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 6,375</u></b>	<b><u>\$ 85,749</u></b>	<b><u>\$ 6,585</u></b>	<b><u>\$ 5,454</u></b>	<b><u>\$ 17,831</u></b>	<b><u>\$ 33,988</u></b>	<b><u>\$ 300,185</u></b>	<b><u>\$ 23,394</u></b>

# County of Crawford, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds September 30, 2013

	Debt Service Funds		Capital Project Fund	Totals
	Library Debt	Animal Shelter	County Building Renovation	
<b>ASSETS:</b>				
Cash and Equivalents - Unrestricted	\$ 64,588	\$ 23,717	\$ 292	\$ 1,314,346
Receivables:				
Accounts	-	-	-	287,594
Taxes	321	-	-	2,205
Notes	-	-	-	171,906
Inventory	-	-	-	5,910
Due from Other Funds	-	-	-	86,000
<b>TOTAL ASSETS</b>	<u>\$ 64,909</u>	<u>\$ 23,717</u>	<u>\$ 292</u>	<u>\$ 1,867,961</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 165,018
Accrued Liabilities	-	-	-	45,267
Due to Other Funds	-	-	-	218,000
Due to Governmental Units	-	-	-	1,215
Unearned Revenue	-	-	-	171,906
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>601,406</u>
<b>FUND BALANCES:</b>				
Nonspendable	-	-	-	5,910
Restricted	64,909	23,717	292	705,893
Committed	-	-	-	473,819
Assigned	-	-	-	80,933
<b>TOTAL FUND BALANCES</b>	<u>64,909</u>	<u>23,717</u>	<u>292</u>	<u>1,266,555</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 64,909</u>	<u>\$ 23,717</u>	<u>\$ 292</u>	<u>\$ 1,867,961</u>

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2013

	Special Revenue Funds							
	Revenue Sharing	Economic Development	Recycling Fund	Road Patrol Millage	46th Judicial Trial Court	Friend of the Court	Family Counseling	Sports Complex
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 467,750	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	13,047	-	242,230	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	50,816
Local Sources	-	-	-	-	56,666	-	-	-
Charges for Services	-	-	-	-	-	18,330	1,475	-
Interest and Rentals	-	2,398	-	-	-	-	-	-
Other Revenues	-	11,154	-	10,423	-	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>13,552</b>	<b>-</b>	<b>491,220</b>	<b>56,666</b>	<b>260,560</b>	<b>1,475</b>	<b>50,816</b>
<b>EXPENDITURES:</b>								
General Government	-	-	17,997	-	-	-	-	-
Judicial	-	-	-	-	80,012	307,032	-	-
Public Safety	-	-	-	542,784	-	-	-	-
Health and Welfare	-	-	-	-	-	-	784	-
Community/Economic Development	-	15,002	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	4,556
Capital Outlay	-	-	-	-	-	-	-	105,236
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>15,002</b>	<b>17,997</b>	<b>542,784</b>	<b>80,012</b>	<b>307,032</b>	<b>784</b>	<b>109,792</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>(1,450)</b>	<b>(17,997)</b>	<b>(51,564)</b>	<b>(23,346)</b>	<b>(46,472)</b>	<b>691</b>	<b>(58,976)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	314,761	-	20,000	20,498	25,898	71,354	-	61,000
Transfers Out	(314,500)	-	-	-	-	(22,000)	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>261</b>	<b>(1,450)</b>	<b>2,003</b>	<b>(31,066)</b>	<b>2,552</b>	<b>2,882</b>	<b>691</b>	<b>2,024</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>90,735</b>	<b>147,558</b>	<b>-</b>	<b>130,139</b>	<b>201</b>	<b>109,641</b>	<b>10,776</b>	<b>6,866</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 90,996</b>	<b>\$ 146,108</b>	<b>\$ 2,003</b>	<b>\$ 99,073</b>	<b>\$ 2,753</b>	<b>\$ 112,523</b>	<b>\$ 11,467</b>	<b>\$ 8,890</b>

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2013

	Special Revenue Funds							
	Airport	District Health Department	Enforcement/ Recycle	Liquor Law	COPS Grant	Bankhead Jones	Building and Zoning	Sheriff's Youth Services
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	95,073	-	-
Licenses and Permits	-	-	-	-	-	-	103,706	-
State Sources	-	-	-	1,310	-	-	-	-
Local Sources	-	-	8,625	-	27,000	-	-	-
Charges for Services	-	-	94,784	-	-	-	-	-
Interest and Rentals	9,560	-	185	-	-	-	-	-
Other Revenues	-	-	488	-	-	-	-	12,231
<b>TOTAL REVENUES</b>	<b>9,560</b>	<b>-</b>	<b>104,082</b>	<b>1,310</b>	<b>27,000</b>	<b>95,073</b>	<b>103,706</b>	<b>12,231</b>
<b>EXPENDITURES:</b>								
General Government	27,113	-	104,992	-	-	95,521	-	-
Judicial	-	-	-	-	-	-	-	-
Public Safety	-	-	-	1,350	61,247	-	100,574	16,038
Health and Welfare	-	161,955	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>27,113</b>	<b>161,955</b>	<b>104,992</b>	<b>1,350</b>	<b>61,247</b>	<b>95,521</b>	<b>100,574</b>	<b>16,038</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(17,553)</b>	<b>(161,955)</b>	<b>(910)</b>	<b>(40)</b>	<b>(34,247)</b>	<b>(448)</b>	<b>3,132</b>	<b>(3,807)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	25,000	162,000	-	-	35,000	-	-	-
Transfers Out	-	-	(10,000)	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>7,447</b>	<b>45</b>	<b>(10,910)</b>	<b>(40)</b>	<b>753</b>	<b>(448)</b>	<b>3,132</b>	<b>(3,807)</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>21,934</b>	<b>260</b>	<b>126,252</b>	<b>1,350</b>	<b>2,056</b>	<b>20,190</b>	<b>31,024</b>	<b>11,875</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 29,381</b>	<b>\$ 305</b>	<b>\$ 115,342</b>	<b>\$ 1,310</b>	<b>\$ 2,809</b>	<b>\$ 19,742</b>	<b>\$ 34,156</b>	<b>\$ 8,068</b>



# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2013

	Special Revenue Funds							
	Homestead P.R.E. Audit	Remonu- mentation	Register of Deeds Automation	MSU Extension	Drug Enforcement	Law Library	911	Correction Officer Training
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	33,429	-	-	-	-	-	-
Local Sources	-	-	-	-	-	-	1,888	-
Charges for Services	-	-	-	-	-	-	486,861	4,120
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenues	-	-	-	-	2,054	2,500	4,014	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>33,429</b>	<b>-</b>	<b>-</b>	<b>2,054</b>	<b>2,500</b>	<b>492,763</b>	<b>4,120</b>
<b>EXPENDITURES:</b>								
General Government	-	32,477	104,646	35,560	-	-	-	-
Judicial	-	-	-	-	-	8,936	-	-
Public Safety	-	-	-	-	-	-	501,458	2,580
Health and Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Capital Outlay	-	-	15,528	-	-	-	11,115	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>-</b>	<b>32,477</b>	<b>120,174</b>	<b>35,560</b>	<b>-</b>	<b>8,936</b>	<b>512,573</b>	<b>2,580</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>-</b>	<b>952</b>	<b>(120,174)</b>	<b>(35,560)</b>	<b>2,054</b>	<b>(6,436)</b>	<b>(19,810)</b>	<b>1,540</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	-	-	80,390	36,000	-	-	15,000	-
Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>952</b>	<b>(39,784)</b>	<b>440</b>	<b>2,054</b>	<b>(6,436)</b>	<b>(4,810)</b>	<b>1,540</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>-</b>	<b>20,170</b>	<b>40,126</b>	<b>7,471</b>	<b>7,332</b>	<b>8,706</b>	<b>26,739</b>	<b>10,387</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ -</b>	<b>\$ 21,122</b>	<b>\$ 342</b>	<b>\$ 7,911</b>	<b>\$ 9,386</b>	<b>\$ 2,270</b>	<b>\$ 21,929</b>	<b>\$ 11,927</b>

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2013

	Special Revenue Funds							
	Department of Human Services	Probate Child Care	Soldiers' Sailors' Relief	Michigan Veterans Trust	Youth Services Bureau	Hatchery Restoration	Commission on Aging	Court House Preservation
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 372,593	\$ -
Federal Sources	-	16,372	-	-	-	-	98,359	-
Licenses and Permits	-	-	-	-	-	-	-	-
State Sources	-	259,935	-	-	-	-	49,726	-
Local Sources	-	71,913	-	-	-	-	53,275	-
Charges for Services	-	-	-	-	-	-	67,004	-
Interest and Rentals	-	-	-	-	-	-	2,324	-
Other Revenues	-	29,257	-	26,562	60,191	30,000	30,469	46,986
<b>TOTAL REVENUES</b>	<b>-</b>	<b>377,477</b>	<b>-</b>	<b>26,562</b>	<b>60,191</b>	<b>30,000</b>	<b>673,750</b>	<b>46,986</b>
<b>EXPENDITURES:</b>								
General Government	2,000	-	-	-	-	-	-	25,991
Judicial	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Health and Welfare	-	535,534	2,893	21,849	68,094	4,306	689,171	-
Community/Economic Development	-	-	-	-	-	-	-	-
Recreation and Culture	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>2,000</b>	<b>535,534</b>	<b>2,893</b>	<b>21,849</b>	<b>68,094</b>	<b>4,306</b>	<b>689,171</b>	<b>25,991</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(2,000)</b>	<b>(158,057)</b>	<b>(2,893)</b>	<b>4,713</b>	<b>(7,903)</b>	<b>25,694</b>	<b>(15,421)</b>	<b>20,995</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Transfers In	-	114,812	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>(2,000)</b>	<b>(43,245)</b>	<b>(2,893)</b>	<b>4,713</b>	<b>(7,903)</b>	<b>25,694</b>	<b>(15,421)</b>	<b>20,995</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>8,375</b>	<b>92,552</b>	<b>9,478</b>	<b>741</b>	<b>24,052</b>	<b>8,167</b>	<b>293,633</b>	<b>886</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 6,375</b>	<b>\$ 49,307</b>	<b>\$ 6,585</b>	<b>\$ 5,454</b>	<b>\$ 16,149</b>	<b>\$ 33,861</b>	<b>\$ 278,212</b>	<b>\$ 21,881</b>

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Nonmajor Governmental Funds Year Ended September 30, 2013

	Debt Service Funds		Capital Project Fund	Totals
	Library Debt	Animal Shelter	County Building Renovation	
<b>REVENUES:</b>				
Taxes	\$ 122,616	\$ -	\$ -	\$ 962,959
Federal Sources	-	-	-	465,081
Licenses and Permits	-	-	-	103,706
State Sources	-	-	-	395,216
Local Sources	-	-	-	219,367
Charges for Services	-	-	-	672,574
Interest and Rentals	-	7,301	-	21,768
Other Revenues	-	16,487	-	282,816
<b>TOTAL REVENUES</b>	<b>122,616</b>	<b>23,788</b>	<b>-</b>	<b>3,123,487</b>
<b>EXPENDITURES:</b>				
General Government	-	-	-	446,297
Judicial	-	-	-	395,980
Public Safety	-	-	-	1,226,031
Health and Welfare	-	-	-	1,484,586
Community/Economic Development	-	-	-	15,002
Recreation and Culture	-	-	-	4,556
Capital Outlay	-	-	-	131,879
Debt Service	115,704	23,788	141,183	280,675
<b>TOTAL EXPENDITURES</b>	<b>115,704</b>	<b>23,788</b>	<b>141,183</b>	<b>3,985,006</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>6,912</b>	<b>-</b>	<b>(141,183)</b>	<b>(861,519)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	112,000	1,093,713
Transfers Out	-	-	-	(346,500)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>6,912</b>	<b>-</b>	<b>(29,183)</b>	<b>(114,306)</b>
<b>FUND BALANCES, OCTOBER 1</b>	<b>57,997</b>	<b>23,717</b>	<b>29,475</b>	<b>1,380,861</b>
<b>FUND BALANCES, SEPTEMBER 30</b>	<b>\$ 64,909</b>	<b>\$ 23,717</b>	<b>\$ 292</b>	<b>\$ 1,266,555</b>

# County of Crawford, Michigan

## Combining Statement of Net Position Nonmajor Enterprise Funds September 30, 2013

	Sheriff Commissary	Tax Sale Proceeds	2004 Delinquent Tax	DTRF Admin	2005 Delinquent Tax	2006 Delinquent Tax	2007 Delinquent Tax	2008 Delinquent Tax	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	Totals
<b>ASSETS:</b>												
Cash and Equivalents - Unrestricted	\$ 10,716	\$ 18,593	\$ 142	\$ -	\$ 952	\$ 771	\$ 5,175	\$ 952	\$ 478	\$ 1,588	\$ 683	\$ 40,050
Receivables:												
Taxes Receivable	-	-	307	-	319	754	2,400	4,199	4,772	11,160	283,256	307,167
Interest Receivable	-	-	447	-	406	678	582	3,259	2,750	4,852	78,893	91,867
Due from Other Funds	-	250,000	29,000	-	15,000	259,000	43,000	122,000	247,000	318,000	-	1,283,000
Other Assets	-	-	-	-	643	310	-	442	167	1,766	12,085	15,413
<b>TOTAL ASSETS</b>	<u>\$ 10,716</u>	<u>\$ 268,593</u>	<u>\$ 29,896</u>	<u>\$ -</u>	<u>\$ 17,320</u>	<u>\$ 261,513</u>	<u>\$ 51,157</u>	<u>\$ 130,852</u>	<u>\$ 255,167</u>	<u>\$ 337,366</u>	<u>\$ 374,917</u>	<u>\$ 1,737,497</u>
<b>LIABILITIES:</b>												
Accounts Payable	\$ 1,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,409
Due to Other Funds	-	-	-	-	-	-	-	-	-	-	150,000	150,000
Due to Governmental Units	-	-	-	-	312	656	2,574	1,570	1,024	376	-	6,512
<b>TOTAL LIABILITIES</b>	<u>1,409</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>312</u>	<u>656</u>	<u>2,574</u>	<u>1,570</u>	<u>1,024</u>	<u>376</u>	<u>150,000</u>	<u>157,921</u>
<b>NET POSITION:</b>												
Unrestricted	9,307	268,593	29,896	-	17,008	260,857	48,583	129,282	254,143	336,990	224,917	1,579,576
<b>TOTAL NET POSITION</b>	<u>9,307</u>	<u>268,593</u>	<u>29,896</u>	<u>-</u>	<u>17,008</u>	<u>260,857</u>	<u>48,583</u>	<u>129,282</u>	<u>254,143</u>	<u>336,990</u>	<u>224,917</u>	<u>1,579,576</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 10,716</u>	<u>\$ 268,593</u>	<u>\$ 29,896</u>	<u>\$ -</u>	<u>\$ 17,320</u>	<u>\$ 261,513</u>	<u>\$ 51,157</u>	<u>\$ 130,852</u>	<u>\$ 255,167</u>	<u>\$ 337,366</u>	<u>\$ 374,917</u>	<u>\$ 1,737,497</u>

# County of Crawford, Michigan

## Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds Year Ended September 30, 2013

	Sheriff Commissary	Tax Sale Proceeds	2004 Delinquent Tax	DTRF Admin	2005 Delinquent Tax	2006 Delinquent Tax	2007 Delinquent Tax	2008 Delinquent Tax	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	Totals
<b>OPERATING REVENUES:</b>												
Charges for Services	\$ 27,914	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 626	\$ 6,385	\$ 84,221	\$ 80,623	\$ 199,769
Interest and Rentals	-	-	28	-	24	367	321	1,522	1,933	18,478	101,640	124,313
<b>TOTAL OPERATING REVENUES</b>	<b>27,914</b>	<b>-</b>	<b>28</b>	<b>-</b>	<b>24</b>	<b>367</b>	<b>321</b>	<b>2,148</b>	<b>8,318</b>	<b>102,699</b>	<b>182,263</b>	<b>324,082</b>
<b>OPERATING EXPENSES:</b>												
Supplies	343	-	-	-	-	-	-	-	-	40	280	663
Contracted Services	-	-	-	-	-	-	-	-	-	750	62,541	63,291
Other Expenses	26,315	46,599	-	9,686	-	-	-	-	130	7,545	904	91,179
<b>TOTAL OPERATING EXPENSES</b>	<b>26,658</b>	<b>46,599</b>	<b>-</b>	<b>9,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>130</b>	<b>8,335</b>	<b>63,725</b>	<b>155,133</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,256</b>	<b>(46,599)</b>	<b>28</b>	<b>(9,686)</b>	<b>24</b>	<b>367</b>	<b>321</b>	<b>2,148</b>	<b>8,188</b>	<b>94,364</b>	<b>118,538</b>	<b>168,949</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>												
Other Revenues	-	20,500	-	-	-	-	-	-	-	118,496	-	138,996
Interest Expense	-	-	-	-	-	-	-	-	-	-	(4,904)	(4,904)
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>-</b>	<b>20,500</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>118,496</b>	<b>(4,904)</b>	<b>134,092</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>1,256</b>	<b>(26,099)</b>	<b>28</b>	<b>(9,686)</b>	<b>24</b>	<b>367</b>	<b>321</b>	<b>2,148</b>	<b>8,188</b>	<b>212,860</b>	<b>113,634</b>	<b>303,041</b>
Transfers In	-	185,376	-	46,888	-	-	-	-	-	-	-	232,264
Transfers Out	-	(21,000)	-	(43,082)	-	-	(40,000)	-	(178,880)	(118,496)	-	(401,458)
<b>NET INCOME (LOSS)</b>	<b>1,256</b>	<b>138,277</b>	<b>28</b>	<b>(5,880)</b>	<b>24</b>	<b>367</b>	<b>(39,679)</b>	<b>2,148</b>	<b>(170,692)</b>	<b>94,364</b>	<b>113,634</b>	<b>133,847</b>
<b>NET POSITION, OCTOBER 1</b>	<b>8,051</b>	<b>130,316</b>	<b>29,868</b>	<b>5,880</b>	<b>16,984</b>	<b>260,490</b>	<b>88,262</b>	<b>127,134</b>	<b>424,835</b>	<b>242,626</b>	<b>111,283</b>	<b>1,445,729</b>
<b>NET POSITION, SEPTEMBER 30</b>	<b>\$ 9,307</b>	<b>\$ 268,593</b>	<b>\$ 29,896</b>	<b>\$ -</b>	<b>\$ 17,008</b>	<b>\$ 260,857</b>	<b>\$ 48,583</b>	<b>\$ 129,282</b>	<b>\$ 254,143</b>	<b>\$ 336,990</b>	<b>\$ 224,917</b>	<b>\$ 1,579,576</b>

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
Year Ended September 30, 2013**

	Sheriff Commissary	Tax Sale Proceeds	2004 Delinquent Tax	DTRF Admin	2005 Delinquent Tax	2006 Delinquent Tax	2007 Delinquent Tax	2008 Delinquent Tax	2009 Delinquent Tax	2010 Delinquent Tax	2011 Delinquent Tax	Totals
<b>Cash Flows from Operating Activities:</b>												
Receipts from Customers	\$ 27,914	\$ -	\$ -	\$ -	\$ (29)	\$ (429)	\$ (1)	\$ 4,986	\$ 39,307	\$ 442,827	\$ 807,095	\$ 1,321,670
Payments to Suppliers	(25,535)	(46,599)	-	(9,686)	28	-	-	-	(130)	(8,335)	(114,364)	(204,621)
Internal Activity - Payments/Receipts with Other Funds	-	(250,000)	(29,000)	-	(15,000)	(48,571)	(43,000)	(5,747)	138,324	(433,624)	150,000	(536,618)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,379</b>	<b>(296,599)</b>	<b>(29,000)</b>	<b>(9,686)</b>	<b>(15,001)</b>	<b>(49,000)</b>	<b>(43,001)</b>	<b>(761)</b>	<b>177,501</b>	<b>868</b>	<b>842,731</b>	<b>580,431</b>
<b>Cash Flows from Capital Financing Activities:</b>												
Interest Payments	-	-	-	-	-	-	-	-	-	-	(4,904)	(4,904)
Principal Payments	-	-	-	-	-	-	-	-	-	-	(975,000)	(975,000)
<b>Net Cash Provided (Used) by Capital Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(979,904)</b>	<b>(979,904)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>												
Other Revenues	-	20,500	-	-	-	-	-	-	-	118,496	-	138,996
Transfers In	-	185,376	-	46,888	-	-	-	-	-	-	-	232,264
Transfers Out	-	(21,000)	-	(43,082)	-	-	(40,000)	-	(178,880)	(118,496)	-	(401,458)
<b>Cash Provided (Used) by Noncapital Financing Activities</b>	<b>-</b>	<b>184,876</b>	<b>-</b>	<b>3,806</b>	<b>-</b>	<b>-</b>	<b>(40,000)</b>	<b>-</b>	<b>(178,880)</b>	<b>-</b>	<b>-</b>	<b>(30,198)</b>
Net Increase in Cash and Equivalents	2,379	(111,723)	(29,000)	(5,880)	(15,001)	(49,000)	(83,001)	(761)	(1,379)	868	(137,173)	(429,671)
Cash and Equivalents - Beginning of Year	8,337	130,316	29,142	5,880	15,953	49,771	88,176	1,713	1,857	720	137,856	469,721
<b>Cash and Equivalents - End of Year</b>	<b>\$ 10,716</b>	<b>\$ 18,593</b>	<b>\$ 142</b>	<b>\$ -</b>	<b>\$ 952</b>	<b>\$ 771</b>	<b>\$ 5,175</b>	<b>\$ 952</b>	<b>\$ 478</b>	<b>\$ 1,588</b>	<b>\$ 683</b>	<b>\$ 40,050</b>
<b>Reconciliation of Operating Income (Loss) to</b>												
<b>Net Cash Provided (Used) by Operating Activities:</b>												
Operating Income (Loss)	\$ 1,256	\$ (46,599)	\$ 28	\$ (9,686)	\$ 24	\$ 367	\$ 321	\$ 2,148	\$ 8,188	\$ 94,364	\$ 118,538	\$ 168,949
Decrease (Increase) in Assets:												
Taxes Receivable	-	-	-	-	-	(118)	(430)	2,021	13,961	245,021	650,826	911,281
Interest Receivable	-	-	(28)	-	(53)	(368)	(548)	1,058	5,237	65,149	(13,909)	56,538
Other Assets	-	-	-	-	-	(310)	-	(241)	11,791	29,958	(12,085)	29,113
Due from Other Funds	-	(250,000)	(29,000)	-	(15,000)	(49,000)	(43,000)	(6,000)	138,000	(318,000)	-	(572,000)
Increase (Decrease) in Liabilities:												
Accounts Payable	1,123	-	-	-	-	-	-	-	-	-	-	1,123
Due to Other Funds	-	-	-	-	-	-	-	-	-	(116,000)	150,000	34,000
Due to Governmental Units	-	-	-	-	28	429	656	253	324	376	(50,639)	(48,573)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>2,379</b>	<b>(296,599)</b>	<b>(29,000)</b>	<b>(9,686)</b>	<b>(15,001)</b>	<b>(49,000)</b>	<b>(43,001)</b>	<b>(761)</b>	<b>177,501</b>	<b>868</b>	<b>842,731</b>	<b>580,431</b>

# County of Crawford, Michigan

## Combining Agency Funds For the Year Ended September 30, 2013

	Agency Funds							Totals
	Trust and Agency	Transportation Authority	Penal Fines	Sheriff Inmate Trust	Short Term Disability	Employees Flex Spending	Retirement Health	
<b>ASSETS:</b>								
Cash and Equivalents - Unrestricted	\$ 1,642,512	\$ 211,576	\$ 46,208	\$ 813	\$ 52,435	\$ 168	\$ 120,998	\$ 2,074,710
Due from Others	-	-	-	-	-	-	30,000	30,000
Taxes Receivable	1,025	1,208	-	-	-	-	-	2,233
<b>TOTAL ASSETS</b>	<b><u>\$ 1,643,537</u></b>	<b><u>\$ 212,784</u></b>	<b><u>\$ 46,208</u></b>	<b><u>\$ 813</u></b>	<b><u>\$ 52,435</u></b>	<b><u>\$ 168</u></b>	<b><u>\$ 150,998</u></b>	<b><u>\$ 2,106,943</u></b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 24,818	-	-	-	-	-	-	\$ 24,818
Due to Others	1,875	-	-	813	-	168	150,998	153,854
Due to Governmental Units	1,616,844	212,784	46,208	-	52,435	-	-	1,928,271
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,643,537</u></b>	<b><u>\$ 212,784</u></b>	<b><u>\$ 46,208</u></b>	<b><u>\$ 813</u></b>	<b><u>\$ 52,435</u></b>	<b><u>\$ 168</u></b>	<b><u>\$ 150,998</u></b>	<b><u>\$ 2,106,943</u></b>

## **Reports on Compliance**

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

**KINROSS OFFICE**

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

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

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

**MEMBER MACPA**

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the County of Crawford, Michigan's basic financial statements and have issued our report thereon dated March 18, 2014. Our report includes a reference to other auditors who audited the financial statements of the Crawford County Road Commission, as described in or report on the County of Crawford, Michigan's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County of Crawford, Michigan's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Crawford, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Crawford, Michigan's internal control.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency listed as 2013-001.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County of Crawford, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **County of Crawford, Michigan's Response to Findings**

The County of Crawford, Michigan's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Crawford, Michigan's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

March 18, 2014



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

**KINROSS OFFICE**

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

ROBERT L. HASKE, CPA  
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**OFFICES IN  
MICHIGAN & WISCONSIN**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of Crawford, Michigan's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County of Crawford, Michigan's major federal programs for the year ended September 30, 2013. The County of Crawford, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on the compliance for each of the County of Crawford, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Crawford, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County of Crawford, Michigan's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County of Crawford, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2013.

### **Report on Internal Control Over Compliance**

Management of the County of Crawford, Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County of Crawford, Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of Crawford, Michigan's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC".

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

March 18, 2014

# County of Crawford, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>			
ADMINISTRATION ON AGING:			
Pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.:			
Title IIIB Homemaking	93.044	N/A	\$ 13,400
Title IIIB Personal Care	93.044	N/A	7,100
Title IIICI Congregate Nutrition	93.045	N/A	23,584
Title IIICII Home Delivered Nutrition	93.045	N/A	13,266
Title IIIE EST	93.052	N/A	2,786
Title IIIE Grandparent	93.052	N/A	869
Title IIIE - Respite	93.052	N/A	10,046
NSIP Title IIICI	93.053	N/A	7,430
NSIP Title IIICII	93.053	N/A	14,006
Waiver-Medicaid	93.778	N/A	4,872
MMAP Supplemental Fund	93.779	N/A	<u>1,000</u>
Total pass-through from the State of Michigan and the North East Michigan Community Services Agency, Inc.			<u>98,359</u>
ADMINISTRATION FOR CHILDREN AND FAMILIES:			
Pass-through from the State of Michigan Department of Human Services:			
Prosecuting Attorney - Child Support	93.563	CS/PA-10-20002	9,921
Friend of the Court - Incentive	93.563	N/A	24,671
Friend of the Court - Child Support	93.563	CS/FOC-10-20001	<u>217,559</u>
Total Pass-through from the State of Michigan Department of Human Services			<u>252,151</u>
Total U.S. Department of Health & Human Services			<u>350,510</u>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
Direct Award from the Department of Agriculture Rural Development			
	10.433	HGP 2012-2013	<u>8,055</u>
Pass-through from the Michigan Department of Natural Resources:			
Bankhead Jones	10.665	N/A	17,968
Distributions to Schools and Roads	10.665	N/A	<u>77,105</u>
Total Pass-through from the Michigan Department of Natural Resources			<u>95,073</u>
Total U.S. Department of Agriculture			<u>103,128</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
Pass-through from MSHDA:			
CDBG Housing Grant Program	14.228	MSC-2010-0214	33,000
CDBG Housing Grant Program	14.228	MSC-2009-0214-HOA	6,306
CDBG Housing Grant Program	14.228	MSC-2010-0214-HOA	<u>46,662</u>
Total U.S. Department of Housing & Urban Development			<u>85,968</u>

# County of Crawford, Michigan

## Schedule of Expenditures of Federal Awards For the Year Ended September 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Pass-through from the Michigan Department of Community Health:			
Juvenile Accountability Block Grant	16.523	JABGN-10-20001	8,000
Juvenile Accountability Block Grant	16.523	JABGN-11-20001	8,372
S.T.I.N.G.	16.738	2010-DJ-BX-0003	<u>13,047</u>
Total Pass-through from the Michigan Department of Community Health			<u>29,419</u>
Pass-through from the Michigan Department of State Police:			
Vests	16.607	N/A	<u>609</u>
Total U.S. Department of Justice			<u>30,028</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Pass-through from the Michigan Department of State Police, Emergency Management Division:			
Hazardous Materials Emergency Planning	20.703	N/A	<u>210</u>
Pass-through from the Michigan Department of Transportation:			
State Administered Projects	20.205	N/A	<u>899,020</u>
Pass-through from the Michigan Department of Transportation:			
Administered by Crawford County Road Commission	20.205	N/A	<u>5,200</u>
Total U.S. Department of Transportation			<u>904,430</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
Pass-through from the Michigan Department of State Police, Emergency Management Division:			
Emergency Management Performance Grant (EMPG)	97.042	EMW-2011-EP-00044-S01	<u>17,125</u>
Pass-through from the Michigan Department of Natural Resources			
Marine Grant	97.012	MS 2011	<u>9,963</u>
Total U.S. Department of Homeland Security			<u>27,088</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,501,152</u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Crawford, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE B - COGNIZANT AGENCY**

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Agriculture which provided the greatest amount of direct federal funding to the County during 2013.

**NOTE C - FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. At September 30, 2013, the County had a food commodity inventory totaling \$5,910.

**NOTE D - FEDERAL GRANTS**

The Michigan Department of Transportation (MDOT) requires that Road Commissions report all Federal and State grants pertaining to their county. During the year ended September 30, 2013, the Federal aid received and expended by the Road Commission was \$899,020 for contracted projects and \$5,200 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT (they are included in MDOT's single audit). Negotiated contract are projects where the road commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended \$500,000 or more for negotiated projects.

**NOTE E - RECONCILIATION TO STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**

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

Total Federal per Financial Statements	
Revenues – Governmental Funds	\$ 596,932
Add: Component Unit Expenditures	<u>904,220</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	<u>\$ 1,501,152</u>



Section I – Summary of Auditor’s Results

**Financial Statements**

Type of auditors' report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditors' report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

**Identification of Major Programs**

**CFDA NUMBERS**

**Name of Federal Program or Cluster**

93.563	Child Support Enforcement
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

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**Significant Deficiencies**

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

***Finding 2013-001***

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

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

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

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

Cause: Unknown.

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

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

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

Status: Unchanged.

Section III – Federal Award Findings and Questioned Costs

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NONE.

**Section III – Federal Award Findings and Questioned Costs**

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**NONE.**

## **Additional Information**

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COUNTY OF CRAWFORD, MICHIGAN

ADDITIONAL INFORMATION

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

**KINROSS OFFICE**

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**MEMBER AICPA  
DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

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

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

Our report on our audit of the basic financial statements of the County of Crawford, Michigan, as of and for the year ended September 30, 2013, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the Municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

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

March 18, 2014

**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, 2013, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$1,400,000 County of Crawford General Obligation Unlimited Tax Bonds, Series 2013.
2. \$1,400,000 County of Crawford General Obligation Unlimited Tax Bonds, Series 2012.

**NOTE 2 - TABLES:**

**A. MAJOR TAXPAYERS:**

<u>10 Largest Taxpayers</u>	<u>2013 Taxable Valuation</u>
Weyerhaeuser	\$ 15,607,900
Grayling Generating	12,151,600
Linn Operating	7,796,757
State of Michigan	7,710,684
Consumers Energy	6,934,792
Breitburn Operating	6,616,480
Great Lakes Energy	4,267,350
Georgia Pacific	2,981,600
MichCon Gas Company	2,279,772
Merit Energy	<u>2,207,787</u>
 TOTAL (represents 12% Total 2013 TV)	 <u>\$ 68,554,722</u>

**B. LABOR CONTRACTS:**

	<u>Number</u>	<u>Expiration Date</u>
AFSCME	8	09-30-15
AFSCME – District Court	3	09-30-15
Mich. Assoc. of Public Employees	11	09-30-16
Police Officers Assoc. of Mich. - Road	9	09-30-15
Police Officers Assoc. of Mich. – Non 312	9	09-30-14
Police Officers Assoc. of Mich. – Dispatch	6	09-30-16
Command Officers Assoc. of Michigan	4	09-30-15

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

The County’s contribution to the retirement system for the fiscal year end September 30, 2012 was \$549,486 and was \$521,803 for the fiscal year ended September 30, 2013.

NOTE 2 - TABLES: (Continued)

D. COUNTY TAX RATES & LEVIES:

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
County Operating	6.0925	6.0925	6.0925	6.0925	6.0925
Commission on Aging	.7185	.7185	.7185	.4685	.4685
Rec. Authority	.4845	.4845	.4845	.4845	.4845
Public Transit	.7027	.7027	.7027	.7027	.7027
Library - Debt	.2100	.2300	.2400	.2200	.2200
Library – Operating	.4458	.4458	.4458	.4458	.4458
Sheriff – Debt Operating	.8917	.8917	.8917	.8917	.8917
Road Commission	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>	<u>1.0000</u>
TOTAL COUNTY	<u>10.5457</u>	<u>10.5657</u>	<u>10.5757</u>	<u>10.3057</u>	<u>10.3057</u>
COOR I/S/D	.8859	1.0030	1.0030	1.0030	1.0030
Kirtland Comm. Coll.	<u>2.2193</u>	<u>2.2193</u>	<u>2.2193</u>	<u>2.2193</u>	<u>2.2193</u>
TOTAL ALL JURISDICTIONS	<u>13.6509</u>	<u>13.7880</u>	<u>13.7980</u>	<u>13.5280</u>	<u>13.5280</u>

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

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

<u>Year</u>	<u>Tax Levy*</u>	<u>Collections to 3 – 1</u>		<u>Coll. Plus</u> <u>Funding to</u> <u>3 - 1 – 12</u>
		<u>Amount**</u>	<u>%</u>	
2013	\$ 21,560,923	\$ 19,620,440	91.00%	100%
2012	20,753,139	18,885,356	91.00	100
2011	21,563,731	19,838,632	92.00	100
2010	22,738,191	20,919,135	92.00	100
2009	23,185,407	21,052,350	92.00	100
2008	21,679,142	19,944,810	92.00	100
2007	21,237,369	19,538,379	92.00	100
2006	20,384,074	18,753,348	92.00	100
2005	19,720,346	18,142,718	92.00	100
2004	18,408,377	16,871,497	92.00	100
2003	16,467,657	15,153,591	92.00	100

\*Includes real and personal property taxes.

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



NOTE 2 - TABLES: (Continued)

F. STATE EQUALIZED VALUATION:

STATE EQUALIZED VALUATION			
(50% of True Value)			
2013	-	\$ 612,934,010	As of December 31, 2013
2012	-	586,782,914	
2011	-	621,542,296	
2010	-	713,859,372	
2009	-	791,534,717	
2008	-	791,101,930	
2007	-	755,178,850	
2006	-	740,487,879	
2005	-	713,543,498	

G. TAXABLE VALUATION:

2013	-	\$ 537,373,485	As of December 31 2013
2012	-	523,060,504	
2011	-	545,586,933	
2010	-	579,886,885	
2009	-	603,150,662	
2008	-	580,814,210	
2007	-	556,721,651	
2006	-	535,698,683	
2005	-	517,688,997	Per Capita TV (2013) \$38,182

2013 Taxable Breakdown by Use

Residential	76%
Commercial	9
Industrial	5
Personal Property	<u>10</u>
TOTAL	<u>100%</u>

2013 Taxable Breakdown by Class

Real	90%
Personal	<u>10</u>
TOTAL	<u>100%</u>

NOTE 2 - TABLES: (Continued)

H. GENERAL FUND REVENUES AND EXPENDITURES:

	September 30			
	2013	2012	2011	2010
Revenues & Transfers In	\$ 5,177,150	\$ 5,203,010	\$ 5,207,503	\$ 5,553,158
Expenditures & Transfers Out	<u>5,208,654</u>	<u>5,126,083</u>	<u>5,135,780</u>	<u>5,658,385</u>
Revenues Over (Under)				
Expenditures	(31,504)	76,927	71,723	(105,227)
Beginning Balance	744,838	699,444	627,721	732,948
Prior Period Adjustment	-	(31,533)	-	-
Ending Balance	713,334	744,838	699,444	627,721

I. DIRECT DEBT OF COUNTY:

DIRECT DEBT OF COUNTY:	<u>Gross</u>	Self-Supporting Or Portion Paid Directly by Benefited <u>Municipalities</u>	<u>Net</u>
Capital Improvement Bonds	\$ 1,539,000	\$ -	\$ 1,539,000
GOUT Bonds	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 1,739,000</u>	<u>\$ -</u>	<u>\$ 1,739,000</u>

In addition to the above, the County issues self-supporting Limited Tax Delinquent Fund Tax Notes each year which mature in 1 to 3 years.

Per Capita County Direct Debt	\$ 130.67
Percent County Net Direct Debt to 2013 TV	.35%

OVERLAPPING DEBT OF COUNTY:

Cities	\$ 575,000
School Districts	12,893,161
Community Colleges	<u>186,858</u>
Net Overlapping Debt	<u>13,655,019</u>
Net County and Overlapping Debt	<u>\$ 15,394,019</u>

NOTE 2 - TABLES: (Continued)

I. DIRECT DEBT OF COUNTY: (Continued)

Per capita County Net Direct and Overlapping Debt	\$ 1,100.90
Percent Net Direct and Overlapping Debt	2.95%

Source: Crawford County and Municipal Advisory Council of Michigan.

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

(Including this Issue)

Year	Capital Improvement Bonds	GOUT Bonds	Total
2013	\$ 9,000	\$ -	\$ 9,000
2014	94,000	100,000	194,000
2015	100,000	100,000	200,000
2016	105,000	-	105,000
2017	111,000	-	111,000
2018	111,000	-	111,000
2019	116,000	-	116,000
2020	122,000	-	122,000
2021	127,000	-	127,000
2022	133,000	-	133,000
2023	143,000	-	143,000
2024	150,000	-	150,000
2025	15,000	-	15,000
2026	15,000	-	15,000
2027	16,000	-	16,000
2028	16,000	-	16,000
2029	17,000	-	17,000
2030	18,000	-	18,000
2031	18,000	-	18,000
2032	19,000	-	19,000
2033	20,000	-	20,000
2034	20,000	-	20,000
2035	22,000	-	22,000
2036	<u>22,000</u>	<u>-</u>	<u>22,000</u>
TOTAL	<u>\$ 1,539,000</u>	<u>\$ 200,000</u>	<u>\$ 1,739,000</u>



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

**KINROSS OFFICE**

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**DIVISION FOR CPA FIRMS**

**MEMBER MACPA**

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

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

Honorable Chairperson and Members  
Of the Board of Commissioners  
County of Crawford, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Crawford, Michigan for the year ended September 30, 2013, and have issued our report thereon dated March 18, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards*, and OMB Circular A-133, 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 OMB Circular A-133**

As stated in our engagement letter dated August 27, 2013, 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.

Our responsibility for the supplementary information accompanying the financial statements, as describe by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether supplementary information is fairly stated, in all material respects, in relation to the financial statements as whole.

In planning and performing our audit, we considered the County of Crawford, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Crawford, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Crawford, Michigan's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Crawford, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Crawford, Michigan's compliance with those requirements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters on August 27, 2013.

### **Significant Accounting Policies**

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

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Crawford, Michigan are described in Note 1 to the financial statements. One new accounting policy was adopted regarding the implementation of GASB Statements 63 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 Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statements disclosures are neutral, consistent and clear.

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

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

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. 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, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated March 18, 2014.

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

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

***Other Audit Findings or Issues***

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

***Other Matters***

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed for the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

***Comments and Recommendations***

**Notes Receivables (Prior Year)**

The detail of the Housing Commission's notes receivable was not reconciled to the County's general ledger at year end. We recommend that the detail listing of notes receivable be periodically reconciled to the County's general ledger.

Status: Uncorrected.

**Disbursements (Prior Year)**

During testing of the Disbursement system it was noted that six checks were supported by unauthorized vouchers and one check was missing a receipt for a transaction. It is recommended that the County enforce proper approval and documentation for all disbursements prior to payment.

Status: Corrected.

**Journal Entries (Prior Year)**

During testing, it was noted that one Journal Entry (#8435) was not posted into the General Ledger. It is recommended that the County prepare and post Journal Entries on a timely basis.

Status: Corrected.

**Receipts (Prior Year)**

During testing, it was noted that some departments remitting to the County Treasurer did not have Transmittal Advice consistent with the State of Michigan's requirements. It is recommended that all departments utilize a Transmittal Advice that conforms to the State of Michigan requirements.

Status: Corrected.

### **Library Transmittal (Prior Year)**

During testing of transmittals it was noted that the Library did not keep all necessary supporting documentation for the transmittal selected for testing. It is recommended that all supporting documentation be kept for all money sent over to the Treasurer's office.

Status: Corrected.

### **Inmate Trust Account**

Currently the inmate monies are recorded in a separate bank account; however, the County's general ledger is not reconciled to the reconciled cash balance in that account on a monthly basis. In addition, a listing by inmate showing their respective cash balance at the end of each month is not available. We recommend that the County's general ledger be reconciled on a monthly basis with inmate cash per the reconciled bank statement and that a subsidiary ledger be maintained for individual inmates that agrees in total to the reconciled bank statement and general ledger.

### **Payroll**

It was noted during the testing of controls over payroll, that five employees had missing or incomplete employee file information (three files missing MI new hire/two I-9 form incorrectly filled out/two MI new hire forms not completely filled out). We recommend that all of the necessary paperwork be fully filled out at the beginning of employment and retained in the employee's file.

### **Housing Commission Budget**

A budget was not adopted for the Housing Commission prior to the beginning of the County's fiscal year. State law requires that County's Governmental funds follow the State's prescribed timetable in having budgets for its funds approved before the fiscal year commences.

### **Pension Reporting**

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

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



**Conclusion**

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

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

A handwritten signature in blue ink that reads "Anderson Tackman & Co. PLC".

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

March 18, 2014