

**ROSCOMMON COUNTY
ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018**

ROSCOMMON COUNTY TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-15
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17-18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	22
Proprietary Funds:	
Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Net Position	24
Statement of Cash Flows	25
Fiduciary Funds:	
Statement of Fiduciary Net Position	26
NOTES TO FINANCIAL STATEMENTS	27-57
REQUIRED SUPPLEMENTAL INFORMATION:	
Employee Retirement and Benefit Systems:	
Roscommon County:	
Schedule of Changes in Pension Liability	58
Schedule of Employer Contributions - MERS	59
Roscommon County:	
Schedule of Changes in Net OPEB Liability and Related Ratios	60
Assumptions and Methods Used in OPEB Calculations	61-62
Roscommon County Road Commission:	
Schedule of Changes in Net OPEB Liability and Related Ratios	63

**ROSCOMMON COUNTY
TABLE OF CONTENTS (CONTINUED)**

	<u>Page</u>
Major Funds:	
General Fund:	
Comparative Balance Sheet	64
Statement of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	65
E-11 Fund:	
Comparative Balance Sheet	66
Statement of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual	67
Sheriff Road Patrol Fund:	
Comparative Balance Sheet	68
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual	69
Housing Rehabilitation Fund:	
Comparative Balance Sheet	70
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual	70
Commission on Aging Fund:	
Comparative Balance Sheet	71
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual	71
Gypsy Moth Fund	
Comparative Balance Sheet	72
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual	72
OTHER INFORMATION:	
GENERAL FUND:	
Detail Analysis of Revenues	73-74
Expenditures - Budget and Actual	75-76
Detail Schedule of Expenditures	77-85
NONMAJOR GOVERNMENTAL FUNDS:	
Combining Balance Sheet	86-90
Combining Statement of Revenues, Expenditures, and Changes in	
Fund Balances	91-97
FIDUCIARY FUNDS:	
Combining Statement of Net Position - All Fiduciary Funds	98
Combining Statement of Changes in Assets and Liabilities -	
All Agency Funds	99-100
REPORT ON COMPLIANCE:	
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 Governmental	
Auditing Standards	101-103



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INDEPENDENT AUDITOR'S REPORT

June 19, 2019

Board of Commissioners
Roscommon County
Roscommon, MI 48653

I 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 Roscommon, Michigan, as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the basic financial statements of Roscommon County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Roscommon County, Michigan as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for each major fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, employee retirement and benefit systems, and budgetary comparison information on pages 4-15, 58-63, and 64-72 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Roscommon, Michigan's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 19, 2019, on my consideration of Roscommon County's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Roscommon County's internal control over financial reporting and compliance.



JAMES M. ANDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANT

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2018

As management of the County of Roscommon, we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended December 31, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

1. The assets of the County of Roscommon exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$13,977,732 (*net position*). Of this amount, \$2,542,336 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
2. At the close of the current fiscal year, the County of Roscommon's governmental funds reported combined ending net position of \$2,106,481.
3. At December 31, 2018, the unassigned fund balance of General Fund was \$995,850, or 12% of General Fund annual expenditures.
4. 100% Tax Payment Enterprise Fund ended the year with \$9,384,892 in net position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Roscommon County's basic financial statements. These statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Roscommon County's finances in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Roscommon County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the residual reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Roscommon County is improving or deteriorating.

The *Statement of Activities* presents information showing how the Roscommon County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. (e.g., uncollected taxes and earned but unused vacation leave).

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

Both of the government-wide financial statements distinguish functions of Roscommon County that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). *Governmental activities* include legislative, judicial, general government, public safety, public works, health and welfare, community and economic development, recreation and culture, and other functions. Business-type activities include delinquent tax collections, airport, landfill, and commissary operations.

The county's governmental activities also include a legally separate entity (component unit) for which the county is financially accountable. The *component unit* included is the Roscommon County Road Commission. Financial information for the balance of the component unit is reported separately from the financial information presented for the primary government itself. A separately issued report can be obtained from the component unit's office as stated in Note A.

Fund Financial Statements. A fund is a grouping of related accounts and is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Roscommon like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Roscommon County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Most of the county's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the county's general governmental operations and the basic services it provides.

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

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

The County of Roscommon maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, E-911, Sheriff Road Patrol, Housing Rehabilitation, Commission on Aging, and Gypsy Moth funds, each of which is considered to be a major fund. Data for the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Proprietary Funds. The county maintains only one of the two different types of proprietary funds: enterprise and internal service. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The county uses enterprise funds to account for its delinquent tax collections, airport, landfill and inmate commissary operations. The Tax Payment Fund and Airport Fund are reported as major Proprietary funds.

Proprietary funds provide the same type of information as the government-wide financial statements, only with more detail. The proprietary fund financial statements provide separate information for each enterprise fund.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and combining component unit funds are presented immediately following the General Fund detail schedule of Expenditures.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial analysis focuses on the net position and changes in net position of the governmental and business-type activities. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As the following table demonstrates, the county's assets and deferred outflows exceeded its liabilities and deferred inflows by \$13,977,732 at December 31, 2018.

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

County of Roscommon's Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 12,199,110	\$ 11,381,757	\$ 9,484,177	\$ 8,482,707	\$ 21,683,287	\$ 19,864,464
Capital Assets	8,389,866	8,751,479	2,398,016	2,393,960	10,787,882	11,145,439
Total Assets	20,588,976	20,133,236	11,882,193	10,876,667	32,471,169	31,009,903
Deferred Outflows of Resources	659,885	1,764,073	-	-	659,885	1,764,073
Long-Term Liabilities	12,954,312	10,122,617	-	-	12,954,312	10,122,617
Other Liabilities	260,555	354,561	-	36,301	260,555	390,862
Total Liabilities	13,214,867	10,477,178	-	36,301	13,214,867	10,513,479
Deferred Inflows of Resources	9,132,277	8,075,264	-	-	9,132,277	8,075,264
Net Positions						
Invested in Capital Assets						
Net of Related Debt	7,851,520	8,108,830	2,398,016	2,393,960	10,249,536	10,502,790
Restricted	884,341	900,744	301,519	315,942	1,185,860	1,216,686
Unrestricted	(6,629,380)	(5,664,707)	9,171,716	8,130,464	2,542,336	2,465,757
Total Net Position	\$ 2,106,481	\$ 3,344,867	\$ 11,871,251	\$ 10,840,366	\$ 13,977,732	\$ 14,185,233

A large portion of the county's net position, \$10,249,536 (73 percent), reflects its investment in capital assets (i.e., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the county's net position, \$2,542,336 (18 percent), represents *unrestricted net positions* that may be used to meet the county's ongoing obligations to citizens and creditors.

The remaining balance of \$1,185,860, (9 percent), represents resources that are subject to external restrictions on how they may be used.

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

County of Roscommon Changes in Net Position

	Government Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenue						
Program Revenue:						
Charges for Services	\$ 2,884,599	\$ 2,535,909	\$ 2,027,417	\$ 1,287,856	\$ 4,912,016	\$ 3,823,765
Operating Grants and Contributions	2,278,214	2,054,227	-	-	2,278,214	2,054,227
Capital Grants	11,000	15,000	96,792	77,453	107,792	92,453
General Revenue:						
Property Taxes	10,128,611	9,979,981	-	-	10,128,611	9,979,981
Other	786,874	686,682	68,621	37,597	855,495	724,279
Total Revenue	16,089,298	15,271,799	2,192,830	1,402,906	18,282,128	16,674,705
Expenses						
Legislative	281,041	261,315	-	-	281,041	261,315
Judicial	2,668,424	2,599,566	-	-	2,668,424	2,599,566
General Government	3,007,022	2,831,832	896,916	737,432	3,903,938	3,569,264
Public Safety	6,247,496	6,067,738	-	-	6,247,496	6,067,738
Public Works	463,036	444,936	26,458	35,005	489,494	479,941
Health & Welfare	3,784,639	3,525,174	-	-	3,784,639	3,525,174
Community & Economic Development	195,404	247,975	-	-	195,404	247,975
Interest on Debt	13,051	12,256	-	-	13,051	12,256
Total Expenses	16,660,112	15,990,792	923,374	772,437	17,583,486	16,763,229
Increase in Net Position						
Before Transfers	(570,814)	(718,993)	1,269,456	630,469	698,642	(88,524)
Transfers	238,571	365,753	(238,571)	(365,753)	-	-
Increase in Net Position	(332,243)	(353,240)	1,030,885	264,716	698,642	(88,524)
Net Position - Beginning of Year	2,438,724	2,791,964	10,840,366	10,575,650	13,279,090	13,367,614
Net Position - End of Year	\$ 2,106,481	\$ 2,438,724	\$ 11,871,251	\$ 10,840,366	\$ 13,977,732	\$ 13,279,090

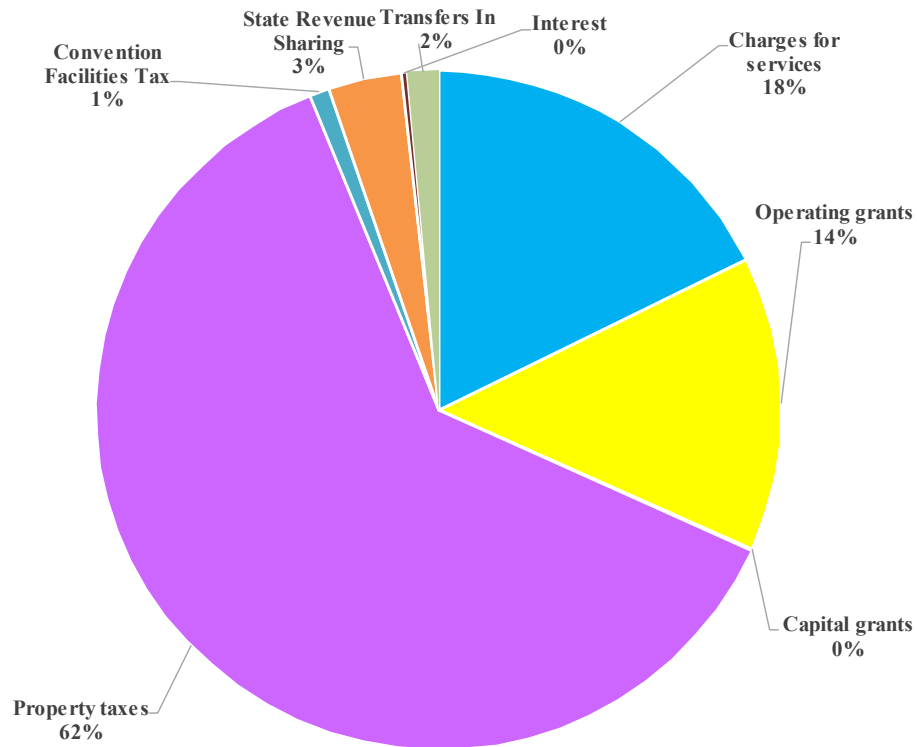
The County's net position increased by \$698,642 during the current year. Revenues increased \$1,607,423 and total expenses increased \$820,257 creating a positive swing of \$787,166 in the change of net position from the prior year. The most dramatic difference from the prior year is the increase in revenues from delinquent tax sales in the Tax Payment Funds of \$667,102.

Governmental Activities. Governmental activities decreased the county's net position by \$570,814.

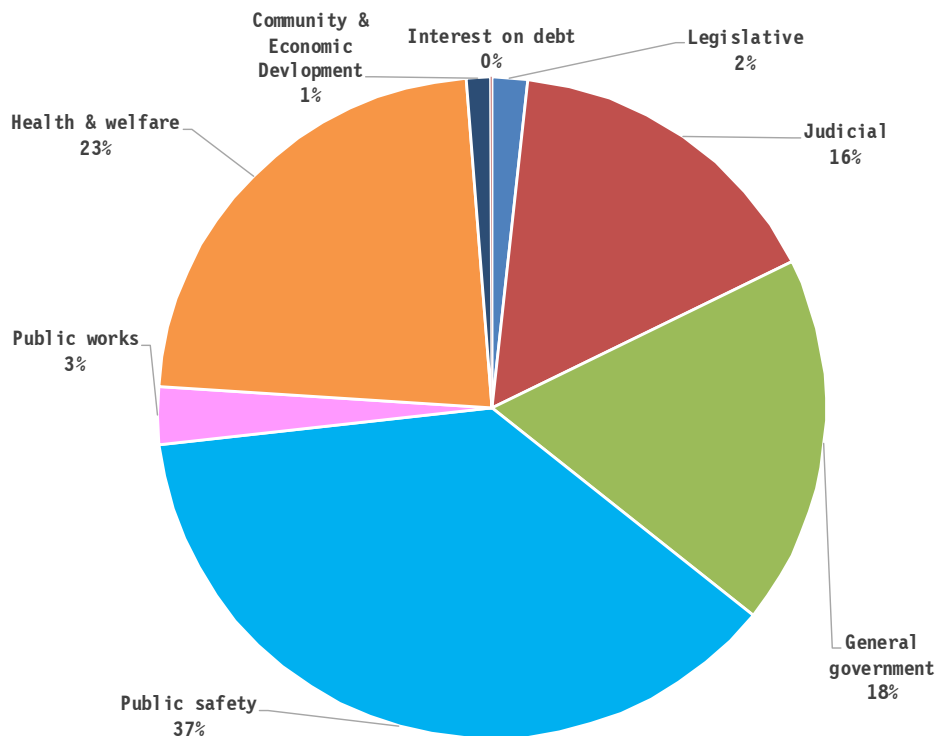
Business-Type Activities. Business-type activities increased the county's net position by \$1,269,456.

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

Revenues by Source - Primary Government



Expenses by Activity - Primary Government



ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

Capital Assets. As of December 31, 2018, the County had \$10,787,882 invested in a range of assets. This included a net decrease of \$357,557 from last year net of depreciation.

Roscommon County Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 2	\$ 2	\$ 205,431	\$ 205,431	\$ 205,433	\$ 205,433
Buildings and Improvements	7,423,334	7,717,620	2,121,305	2,117,885	9,544,639	9,835,505
Machinery and Equipment	696,441	787,929	71,280	70,644	767,721	858,573
Vehicles	270,089	245,928	-	-	270,089	245,928
Total	<u>\$ 8,389,866</u>	<u>\$ 8,751,479</u>	<u>\$ 2,398,016</u>	<u>\$ 2,393,960</u>	<u>\$ 10,787,882</u>	<u>\$ 11,145,439</u>

Additional information on the County Capital Assets can be found in Note G on Pages 36 to 37 of this report.

Debt Administration. At the year end of 2018, the County had outstanding drain district notes of \$538,346. The debts are backed by the County's full faith and credit of the government. The remainder of the County's debt is comprised of Compensated Absences, OPEB and Net Pension obligations.

Debt Administration

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Drain District Notes	\$ 538,346	\$ 642,649	\$ -	\$ -	\$ 538,346	\$ 642,649
OPEB Liabilities	2,431,832	1,748,019	-	-	2,431,832	1,748,019
Net Pension Obligation	9,367,289	7,117,286	-	-	9,367,289	7,117,286
Compensated Absences	616,845	614,663	-	-	616,845	614,663
Total	<u>\$ 12,954,312</u>	<u>\$ 10,122,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,954,312</u>	<u>\$ 10,122,617</u>

Additional information on the County's long-term debt can be found in Note I on pages 38 to 42 of this report.

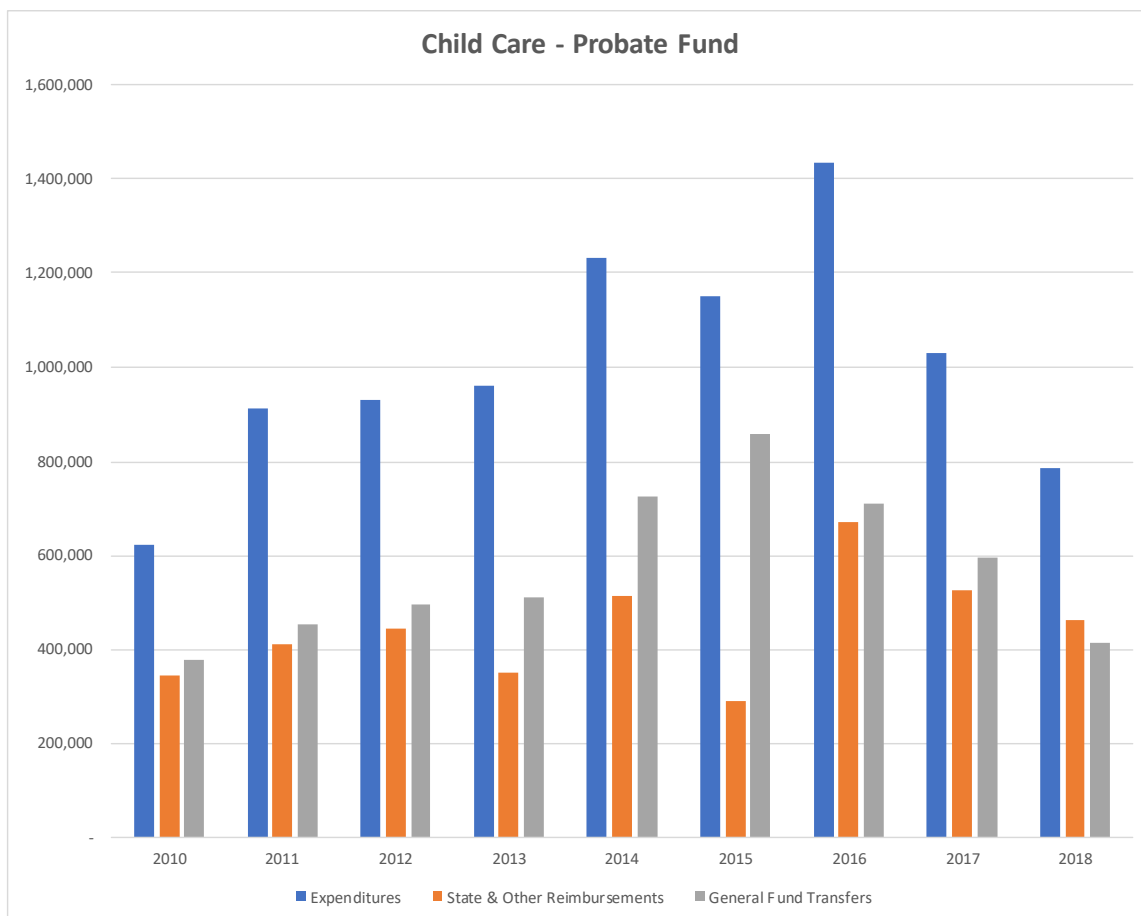
ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

FINANCIAL ANALYSIS

Roscommon County has utilized Fiscal Year 2018 to trend toward better aligning cost area expenditures with County goals and objectives. With limited increases in taxable value – less than 1.0% between tax billings for 2017 and 2018 – there were no 'new' revenues available to support increased services. As a result, Fiscal Year 2018 proved to be a year of maintaining the overall fiscal position and core services.

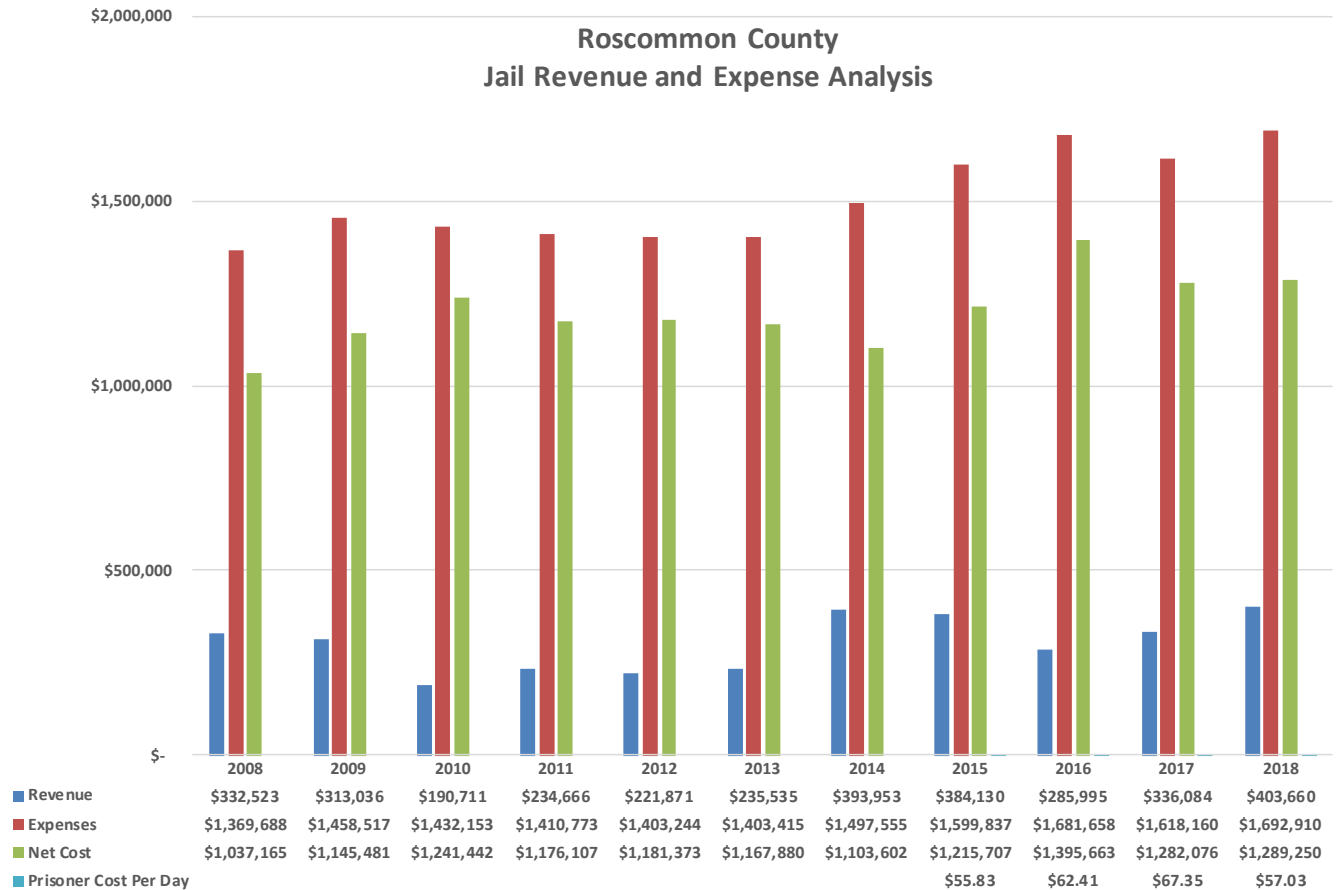
Overall, General Fund revenues increased approximately \$193,156. This increase can be attributed to the changes put in place for flat fee recording of deeds as well as a 2% increase in taxes collected. General Fund expenses for 2018 were \$367,525 over 2017. Several factors drove the increase, including allocations to other funds and departments above the original request, unplanned emergency building maintenance projects, a drastic increase in autopsies due to State regulations, Health Care Reimbursements Account expenditures of \$40,000 more than average and an unexpected increase in defined benefit contributions exceeding \$80,000.

Continued diligent oversight and supervision of our Child Care Fund by the Juvenile Referee/ Child Care Fund Administrator allowed for a transfer of \$181,000 less than the anticipated budget.



The Roscommon County Jail also successfully managed to increase revenues through the addition of housing for Genesee County and Federal inmates. Expenses remained flat. These factors, coupled with higher than budgeted revenue increase allowed for Roscommon County to slightly increase the overall General Fund Balance. A .5% increase is anticipated.

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018



The development of a five-year strategic plan in March 2018 has driven a majority of financial decisions made by the Board of Commissioners. After several planning and review session the Board of Commissioners adopted a plan that focuses on 5 key areas: Youth and Family Support in the Community; Education, Marketing and Economic Development; Financial Sustainability and Growth and Staff Development – Support and Retention. A Youth, Family and Community Development Millage of .5 mills was proposed on the November 2018 ballot to support the initiatives of the strategic plan. This millage proposal failed by roughly 10%.

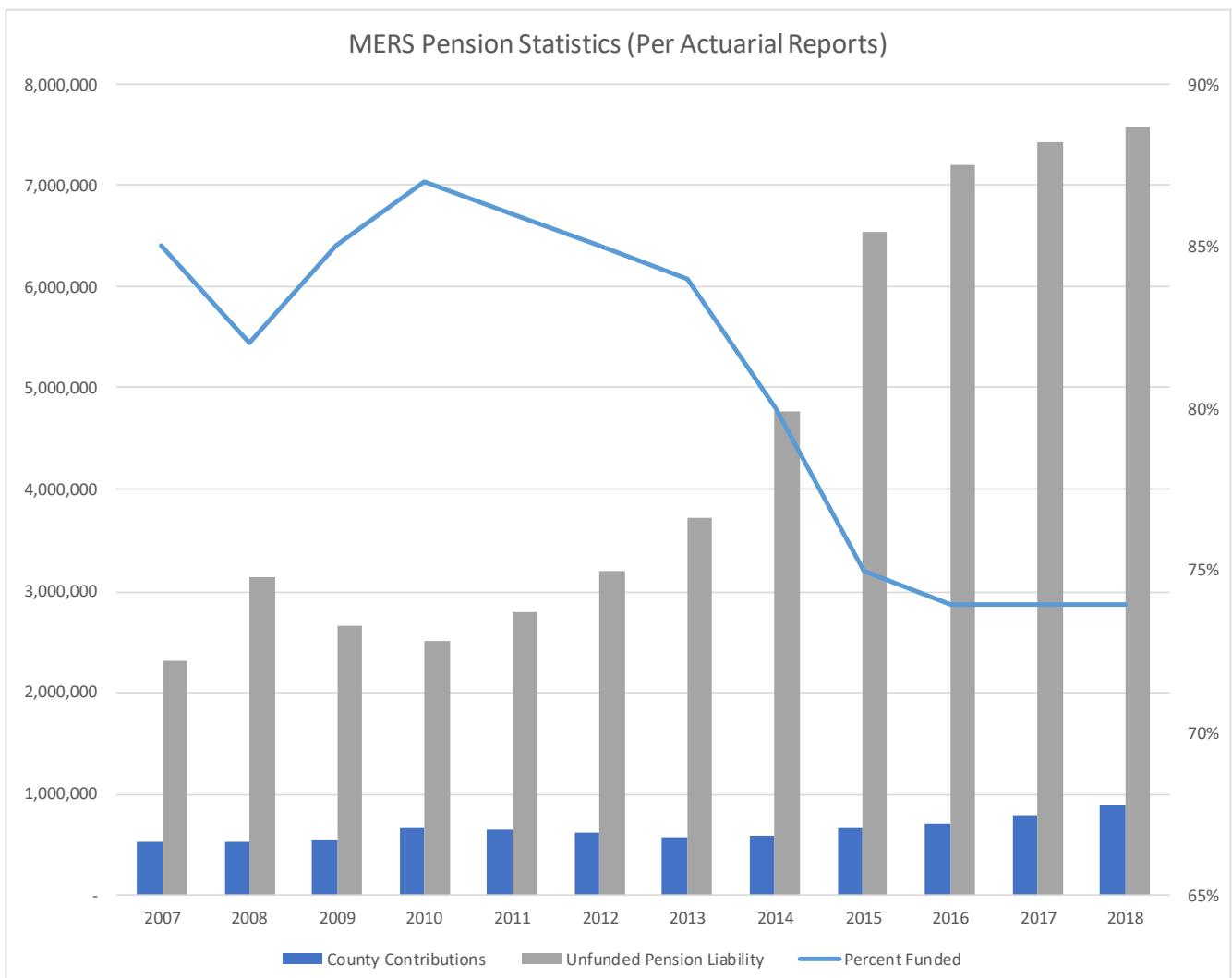
Several grants and cost share programs continued in 2018, with some receiving higher funding then seen in 2017. Roscommon County Emergency Operations received a \$10,000 grant for the purchase of new laptop computers and saw an increase in reimbursements for travel and training. The Roscommon County Sheriff's Office received a \$15,000 USDA Rural Development Grant to offset the purchase of a new road patrol vehicle and also continued to receive 50% reimbursement funding from the State of Michigan for snowmobile, ORV and Marine patrols.

The Roscommon County Blodgett Memorial Airport was awarded a 90/10 split FAA Block Grant for purposes of engineering studies for runway rehabilitation. Gas sales continue to rise, increasing sales by approximately \$14,000 from 2017 to 2018. A late purchase of fuel brought expenditures above revenues however, creating a loss. Hanger rentals remain steady and overall expenditures were down as no major projects were planned for the fiscal year.

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

Several internal changes occurred that directly impacted the overall general fund budget. Second Chance Academy, an adjudicated youth day facility operated by the County, began the process of closing in February 2018. It's final day in operation was May 31, 2018. The general fund appropriated \$27,500 to offset unemployment and final billings. While the closure had immediate costs, the long-term implications are reduced and/or redirected expenditures of \$100,000 annually for the Child Care Fund. Additionally, the County owned property located at 1015 Short Drive, Prudenville, Michigan was vacated by its largest renter, Central Michigan District Health. This placed the County in a position to decide on either retaining or selling the building. Sale of the building to the Roscommon County Commission on Aging to create an adult daycare facility was chosen and the process began in July 2018 to transfer ownership.

Overall health and welfare benefit costs increased 7% in 2018. The Board of Commissioners approved to continue a 5% employee premium cost share to offset increased annual healthcare premiums. Continued review and study of the health and welfare benefits resulted in a change of third-party administrators in order to receive better statistics and usage information. This information was utilized to make changes the current medical plans for 2019. The Board of Commissioners also increased its efforts to reduce the unfunded liability associated with the Defined Benefit retirement plans by maximizing the amount contributed by the employer and making an additional \$30,000 in payments from interest earned.



ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

Director turnover occurred in several department, resulting in restructuring and increased learning curves. The structure of management for Juvenile Detention changed from a shared directorship to a Director and Assistant Director reporting style. The District Court Administrator position was vacated and filled in early January 2017. The Animal Control Program Administrator position became vacant with the retirement of long-term Director Terry MacKillop. A new Director was appointed in May 2018. Soil Erosion was transferred to the Drain Commissioner Office and an Assistant Jail Administrator position was approved and filled.

A 2% across the board cost of living increase was provided to all union and non-union employees, excluding the Board of Commissioners. The Chief Judge for Circuit and District Court instituted a change to the annual step increase program, which was formerly an automatic process. Merit steps for court employees will now be provided on an annual basis. A review of various wage scales and the processes involved in stabilizing pay and administering raises across the board was reviewed and the Board of Commissioner's authorized the Controller to begin the process of a third-party wage scale review.

Several policies were updated as well as increases to various fees for services. The Purchasing Policy, which had not been reviewed for several years, was updated to reflect current pricing, purchase standards and to include a local purchase preference guideline. The Roscommon County Employee Handbook was reviewed and has begun to be updated to stay current with laws and statutes that have been implemented over the last decade. A full-scale County Evacuation Plan was designed and implemented.

As a part of the budgeting process all departments were asked to review their current assessed fees to ensure compliance with statutes and to establish them at comparable market value. Two departments, Soil Erosion and the Clerk's Office, found that the fees charged for certain services were well under the area and State averages. These were increased accordingly.

Buildings and Grounds projects were implemented to reduce long term costs in regards to heating and lighting. An indoor LED lighting project was undertaken, with project costs of \$25,544. Rebates of \$15,145 were received from Consumer's Energy and an estimated reduction of annual bills is expected to be approximately \$7,200. Energy efficient window tinting was added to the Administration portion of the Roscommon County Governmental Complex in efforts to reduce the exertion of our HVAC systems to both cool and heat the building.

In alignment with the adopted Strategic Plan, several new community outreach projects were implemented. A partnership with Michigan State University Extension to fund a 4H Spin Club Coordinator position was entered into. This position has created several youth mentoring groups and hands on learning experiences aimed at improving the future of job training. A Brownfield Assessment Grant Coalition was entered into with Iosco, Crawford and Ogemaw Counties to potentially receive funding to demolish and/or development properties.

ROSCOMMON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2018

NEXT YEAR'S FORECAST

The passage of renewals for Sheriff's Road Patrol and the Animal Control Program millages as well as an approved increase in the 911 millage from .06593 to 1.0 mills should ensure sustainability of these funds without additional allocations from the general fund. An anticipated CPI growth of 2.4% coupled with an upward trend in assessed values places the County in a strong position for increased tax revenues. Interest rates have also been slowly increasing, which will bring in additional interest.

These positive revenue streams will be needed to offset the ever-growing demands for maintain the essential and basic governmental services performed by the County of Roscommon. Overall health and welfare benefits are anticipated to increase by 3% while costs associated with the defined benefit pension plan will increase an average of \$6,900 per month. The downward trend in inmates eligible for transfers to outside facilities will likely result in a large dip in Jail revenues and additional State programs such as the Michigan Indigent Defense Fund will put added strain on existing revenue sources.

CLOSING

The struggle to maintain a strong fiscal position while promoting change within the community was the central focus for Fiscal Year 2018. Increased demands associated with human resources as well as decreased economic factors continued to strain the services provided. Small growth in the fund balance is an accomplishment based on continued diligence in revenue collections and expenditure oversight.

Fiscal growth of Roscommon County, both as a governmental entity and a community, continue to be essential to improving the statistics of poverty, drug abuse, alcoholism and at-risk youth. Improvements in these areas will only have a positive impact on the budget through improved taxable values.

Requests for Information

**Roscommon County
500 Lake Street
Roscommon, MI 48653**

(989)275-8021

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Email: ValentinoJ@roscommoncounty.net

ROSCOMMON COUNTY
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business Type Activities	Total	Road Commission
Assets				
Cash and Investments	\$ 4,046,175	\$ 7,125,537	\$ 11,171,712	\$ 2,296,348
Receivables				
Accounts receivables	22,214	420	22,634	1,523
Current tax	5,713,064	-	5,713,064	-
Delinquent tax	-	1,695,367	1,695,367	-
Special assessments	-	538,647	538,647	-
Interest	6,474	53,885	60,359	-
Other governments	501,316	43,459	544,775	1,297,073
Mortgages	1,909,867	-	1,909,867	-
Inventories	-	26,862	26,862	959,426
Capital Assets - Net	8,389,866	2,398,016	10,787,882	26,407,319
Total Assets	20,588,976	11,882,193	32,471,169	30,961,689
Deferred Outflows of Resources				
Deferred amounts related to Pensions	3,204,764	-	3,204,764	-
Deferred amounts related to OPEB	659,885	-	659,885	-
Grant match deposits	-	2,991	2,991	-
Total Deferred Outflows of Resources	3,864,649	2,991	3,867,640	-
Liabilities				
Accounts payable	242,595	13,933	256,528	46,258
Due to other governments	7,215	-	7,215	-
Accrued liabilities	-	-	-	35,742
Accrued interest payable	10,745	-	10,745	-
Escrow	-	-	-	21,010
Advances from other governments	-	-	-	611,387
Long-term Liabilities:				
Accrued compensated absences	616,845	-	616,845	329,538
Due within one year	77,427	-	77,427	210,000
Due within more than one year	460,919	-	460,919	1,880,000
Net Pension Obligation	9,367,289	-	9,367,289	-
Post Employment Benefit Liabilities	2,431,832	-	2,431,832	1,296,742
Total Liabilities	13,214,867	13,933	13,228,800	4,430,677
Deferred Inflows of Resources				
Taxes levied for a subsequent period	5,474,142	-	5,474,142	-
Mortgage receivables	1,909,867	-	1,909,867	-
Other state grants	-	-	-	175,140
Deferred amounts related to Pensions	1,001,157	-	1,001,157	-
Deferred amounts related to OPEB	747,111	-	747,111	-
Total Deferred Inflows of Resources	9,132,277	-	9,132,277	175,140
Net Position				
Investment in Capital Assets net of related debt	7,851,520	2,398,016	10,249,536	24,317,319
Restricted for:				
Training	20,682	-	20,682	-
Insurance deductibles	60,000	-	60,000	-
Contamination cleanup	305,077	-	305,077	-
Delinquent property	-	301,519	301,519	-
Capital outlay	498,582	-	498,582	-
Unrestricted	(6,629,380)	9,171,716	2,542,336	2,038,553
Total Net Position	\$ 2,106,481	\$ 11,871,251	\$ 13,977,732	\$ 26,355,872

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities					
Legislative	\$ 281,041	\$ 0	\$ -	\$ -	\$ (281,041)
Judicial	2,668,424	641,925	1,098,215	-	(928,284)
General government	3,007,022	951,019	125,576	-	(1,930,427)
Public safety	6,247,496	661,365	402,983	11,000	(5,172,148)
Public works	463,036	58,501	26,959	-	(377,576)
Health & welfare	3,784,639	447,419	612,220	-	(2,725,000)
Community & economic development	195,404	124,370	12,261	-	(58,773)
Interest on debt	13,051	-	-	-	(13,051)
Total governmental activities	16,660,112	2,884,599	2,278,214	11,000	(11,486,299)
Business-type activities					
Delinquent property tax	476,342	1,741,126	-	-	1,264,784
Airport	259,163	96,938	-	96,792	(65,433)
Landfill	26,458	-	-	-	(26,458)
Commissary Inmate	161,411	189,353	-	-	27,942
Total business-type activities	923,374	2,027,417	-	96,792	1,200,835
Total primary government	\$ 17,583,486	\$ 4,912,016	\$ 2,278,214	\$ 107,792	\$ (10,285,464)
Component unit					
Road Commission	\$ 8,560,901	\$ 1,354,787	\$ 7,802,904	\$ 901,343	\$ 1,498,133
Total component units	\$ 8,560,901	\$ 1,354,787	\$ 7,802,904	\$ 901,343	\$ 1,498,133

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Primary Government			Component
				Units
	Governmental	Business-type		Road
	Activities	Activities	Total	Commission
Changes in net positions				
Net (expense) revenue	\$ (11,486,299)	\$ 1,200,835	\$ (10,285,464)	\$ 1,498,133
General revenues:				
Property taxes	10,128,611	-	10,128,611	-
Convention tax	149,023	-	149,023	-
State Shared Revenues	563,585	-	563,585	-
Unrestricted Investment earnings	47,232	60,188	107,420	11,458
Sales of capital assets	27,034	8,433	35,467	-
Transfers - internal activities	238,571	(238,571)	-	-
Total general revenues, contributions and transfers	11,154,056	(169,950)	10,984,106	11,458
Change in net positions	(332,243)	1,030,885	698,642	1,509,591
Net position, beginning of year (Restated)	2,438,724	10,840,366	13,279,090	24,846,281
Net position, end of year	\$ 2,106,481	\$ 11,871,251	\$ 13,977,732	\$ 26,355,872

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General Fund	E-911	Sheriff Road Patrol	Housing Rehab	Commission on Aging	Gypsy Moth	Nonmajor Governmental Funds	Totals
Assets								
Cash and investments	\$ 634,433	\$ 379,568	\$ 456,870	\$ 125,084	\$ 138,697	\$ 1,075,575	\$ 1,235,948	\$ 4,046,175
Taxes receivable	310,830	1,313,689	1,970,534	-	1,176,357	328,422	613,232	5,713,064
Accounts receivable	14,527	-	-	-	-	-	7,687	22,214
Interest receivable	-	-	-	-	-	6,474	-	6,474
Due from governmental units	212,218	44,285	41,922	-	-	-	202,891	501,316
Mortgages receivable	-	-	-	1,909,867	-	-	-	1,909,867
Total Assets	<u>\$ 1,172,008</u>	<u>\$ 1,737,542</u>	<u>\$ 2,469,326</u>	<u>\$ 2,034,951</u>	<u>\$ 1,315,054</u>	<u>\$ 1,410,471</u>	<u>\$ 2,059,758</u>	<u>\$ 12,199,110</u>
Liabilities								
Accounts payable	\$ 116,158	\$ 2,671	\$ 17,600	\$ -	\$ -	\$ 150	\$ 106,016	\$ 242,595
Due to other governmental units	-	-	-	-	-	-	7,215	7,215
Total Liabilities	<u>116,158</u>	<u>2,671</u>	<u>17,600</u>	<u>-</u>	<u>-</u>	<u>150</u>	<u>113,231</u>	<u>249,810</u>
Deferred Inflows of Resources								
Taxes levied for a subsequent period	-	1,313,689	1,970,534	-	1,313,689	328,422	547,808	5,474,142
Unavailable revenue - loans receivable	-	-	-	1,909,867	-	-	-	1,909,867
Total Deferred Inflows of Resources	<u>-</u>	<u>1,313,689</u>	<u>1,970,534</u>	<u>1,909,867</u>	<u>1,313,689</u>	<u>328,422</u>	<u>547,808</u>	<u>7,384,009</u>
Fund Balances								
Committed For:								
Insurance Deductibles	60,000	-	-	-	-	-	-	60,000
Restricted For:								
Contamination Cleanup	-	-	-	-	-	-	305,141	305,141
Judicial	-	-	-	-	-	-	182,857	182,857
Public Safety	-	20,682	481,192	-	-	-	164,591	666,465
Health & Welfare	-	-	-	-	1,365	1,081,899	492,699	1,575,963
Community & Economic Development	-	-	-	125,084	-	-	27,274	152,358
Public Works	-	-	-	-	-	-	128,075	128,075
Capital Projects	-	400,500	-	-	-	-	98,082	498,582
Unassigned	995,850	-	-	-	-	-	-	995,850
Total Fund Balances	<u>1,055,850</u>	<u>421,182</u>	<u>481,192</u>	<u>125,084</u>	<u>1,365</u>	<u>1,081,899</u>	<u>1,398,719</u>	<u>4,565,291</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,172,008</u>	<u>\$ 1,737,542</u>	<u>\$ 2,469,326</u>	<u>\$ 2,034,951</u>	<u>\$ 1,315,054</u>	<u>\$ 1,410,471</u>	<u>\$ 2,059,758</u>	<u>\$ 12,199,110</u>

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
Reconciliation of Fund Balances on the Balance Sheet
for Governmental Funds to Net Position of
Governmental Activities on the Statement of Net Position
DECEMBER 31, 2018

Fund balances - Total governmental funds	\$ 4,565,291
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add - capital assets	21,216,170
Deduct - accumulated depreciation	(12,826,304)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct - Bonds and notes payable	(538,346)
Deduct - Compensated absences payable	(616,845)
Deduct - Accrued interest on bonds payable	(10,745)
Deduct - Net Pension Obligation and deferred outflows	(7,163,682)
Deduct - Post employment benefit liability	<u>(2,519,058)</u>

Net position of governmental activities	<u>\$ 2,106,481</u>
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The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General Fund	E-911	Sheriff Road Patrol	Housing Rehab	Commission on Aging	Gypsy Moth	Nonmajor Governmental Funds	Totals
Revenue:								
Taxes	\$ 5,110,660	\$ 846,933	\$ 1,926,952	\$ -	\$ 1,288,518	\$ 322,154	\$ 633,394	\$ 10,128,611
Federal	48,158	-	12,620	-	-	-	12,261	73,039
State	1,344,121	180,353	58,449	-	-	-	1,105,029	2,687,952
Local	136,024	6,626	56,297	-	-	-	458,728	657,675
Charges for services	1,618,405	91	79,839	-	-	-	186,610	1,884,945
Fines and forfeits	21,974	-	-	-	-	-	2,500	24,474
Rents	6,635	-	-	-	-	-	58,501	65,136
Loan payments	-	-	-	120,681	-	-	-	120,681
Reimbursements and refunds	301,760	-	-	-	-	-	29,595	331,355
Interest	20,901	6,957	2,222	-	-	15,699	1,453	47,232
Other	-	34,727	36,545	-	-	-	4,619	75,891
Total Revenue	8,608,638	1,075,687	2,172,924	120,681	1,288,518	337,853	2,492,690	16,096,991
Expenditures:								
Legislative	265,149	-	-	-	-	-	-	265,149
Judicial	1,947,296	-	-	-	-	-	464,869	2,412,165
General	2,455,300	-	-	-	-	-	37,459	2,492,759
Public safety	2,421,909	1,092,609	2,162,067	-	-	-	546,487	6,223,072
Public works	46,572	-	-	-	-	-	139,694	186,266
Health and welfare	574,398	-	-	-	1,293,855	117,603	1,649,550	3,635,406
Community & economic development	179,341	-	-	9,681	-	-	8,068	197,090
Other	378,744	-	-	-	-	-	-	378,744
Debt Service:								
Principal	-	-	-	-	-	-	104,303	104,303
Interest	-	-	-	-	-	-	8,658	8,658
Total Expenditures	8,268,709	1,092,609	2,162,067	9,681	1,293,855	117,603	2,959,088	15,903,612
Excess:								
Revenue over (under) expenditures	339,929	(16,922)	10,857	111,000	(5,337)	220,250	(466,398)	193,379
Other financing sources (uses):								
Operating transfers in	426,433	-	50,000	-	-	-	1,074,341	1,550,774
Operating transfers out	(717,951)	-	-	(1,661)	-	-	(592,591)	(1,312,203)
Total Other Financing Sources (Uses)	(291,518)	-	50,000	(1,661)	-	-	481,750	238,571
Excess:								
Revenue and other financing sources over (under) expenditures and other financing uses	48,411	(16,922)	60,857	109,339	(5,337)	220,250	15,352	431,950
Fund balance (deficit) - January 1	1,007,439	438,104	420,335	15,745	6,702	861,649	1,383,367	4,133,341
Fund balance (deficit) - December 31	\$ 1,055,850	\$ 421,182	\$ 481,192	\$ 125,084	\$ 1,365	\$ 1,081,899	\$ 1,398,719	\$ 4,565,291

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of Governmental Funds
to the Statement of Activities
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - Total governmental funds \$ 431,950

Amounts reported for governmental activities in the statement of net position are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add - Capital outlay	195,702
Deduct - Depreciation expense	(549,622)
Deduct - Sales of capital assets	(7,693)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Add - Principal payments on long-term liabilities	104,303
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct - Increase in accrued interest payable on bonds	(4,393)
Deduct - Increase in the accrual for compensated absences	(2,182)
Add - Decrease in the accrual for employment benefits	135,104
Deduct - Pension expense and deferred outflows	<u>(635,412)</u>

Change in net position of governmental activities	<u><u>\$ (332,243)</u></u>
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The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2018

	ENTERPRISE FUNDS				
	Tax Payment	Airport	Landfill	Commissary Inmate	Totals
ASSETS					
Current Assets:					
Cash and investments	\$ 7,053,534	\$ 1,829	\$ 1,599	\$ 68,575	\$ 7,125,537
Taxes receivable	1,695,367	-	-	-	1,695,367
Accounts receivable	-	420	-	-	420
Interest receivable	53,885	-	-	-	53,885
Due from governmental units	43,459	-	-	-	43,459
Special Assessment receivables	538,647	-	-	-	538,647
Inventory	-	26,862	-	-	26,862
Capital Assets - Net	-	2,398,016	-	-	2,398,016
Total Assets	9,384,892	2,427,127	1,599	68,575	11,882,193
Deferred Outflows of Resources					
Grant match deposits	-	2,991	-	-	2,991
LIABILITIES					
Current Liabilities:					
Accounts payable	-	4,958	-	8,975	13,933
Total Current Liabilities	-	4,958	-	8,975	13,933
NET POSITIONS					
Investment in Capital Assets - Net of related debt	-	2,398,016	-	-	2,398,016
Restricted for delinquent property	301,519	-	-	-	301,519
Unrestricted	9,083,373	27,144	1,599	59,600	9,171,716
Total Net Positions	\$ 9,384,892	\$ 2,425,160	\$ 1,599	\$ 59,600	\$ 11,871,251

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED DECEMBER 31, 2018

	ENTERPRISE FUNDS				
	Tax Payment	Airport	Landfill	Commissary Inmate	Totals
Operating Revenue:					
Penalties on taxes, collection fees and property sales	\$ 1,741,126	\$ -	\$ -	\$ -	\$ 1,741,126
Rental fees and sales	-	96,938	-	189,353	286,291
Total Operating Revenue	1,741,126	96,938	-	189,353	2,027,417
Operating Expenses:					
Salaries	-	23,460	1,000	-	24,460
Payroll taxes	-	1,735	6	-	1,741
Fringe benefits	-	23,692	-	-	23,692
Forfeiture costs	476,342	-	-	-	476,342
Supplies	-	822	-	161,411	162,233
Fuel costs	-	60,700	-	-	60,700
Service charges	-	39,992	25,452	-	65,444
Depreciation	-	108,762	-	-	108,762
Total Operating Expenses	476,342	259,163	26,458	161,411	923,374
Operating Income (Loss)	1,264,784	(162,225)	(26,458)	27,942	1,104,043
Nonoperating Revenue (Expenses):					
Capital Grants	-	96,792	-	-	96,792
Sale of fixed assets	-	8,433	-	-	8,433
Interest revenue	53,849	-	6,339	-	60,188
Total Nonoperating Revenue (Expenses)	53,849	105,225	6,339	-	165,413
Net Income (Loss) before operating transfers	1,318,633	(57,000)	(20,119)	27,942	1,269,456
Transfers:					
Transfers from other funds	28,557	84,674	21,000	-	134,231
Transfers to other funds	(372,802)	-	-	-	(372,802)
Total Transfers	(344,245)	84,674	21,000	-	(238,571)
Net income (loss)	974,388	27,674	881	27,942	1,030,885
Net Positions - Beginning of year	8,410,504	2,397,486	718	31,658	10,840,366
Net Positions - End of year	\$ 9,384,892	\$ 2,425,160	\$ 1,599	\$ 59,600	\$ 11,871,251

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

	ENTERPRISE FUNDS				
	Tax Payment	Airport	Landfill	Commissary Inmate	Totals
Cash Flows from Operating Activities:					
Net income (loss)	\$ 974,388	\$ 27,674	\$ 881	\$ 27,942	\$ 1,030,885
Adjustments to reconcile net income to net cash flows from operating activities:					
Depreciation	-	108,762	-	-	108,762
Changes in assets and liabilities:					
Decrease (increase) in taxes receivable	130,480	-	-	-	130,480
Decrease (increase) in accounts receivable	-	(11)	-	-	(11)
Decrease (increase) in inventory	-	(21,672)	-	-	(21,672)
Decrease (increase) in due from governmental units	(10,910)	-	-	-	(10,910)
Decrease (increase) in special assessments	104,002	-	-	-	104,002
Decrease (increase) in interest receivable	(22,243)	-	-	-	(22,243)
Decrease (increase) in prepaid expense	-	-	-	-	-
Decrease (increase) in grant match deposit	-	(2,991)	-	-	(2,991)
Increase (decrease) in accounts payable	-	2,773	-	(8,332)	(5,559)
Increase (decrease) in due to governmental units	(16,809)	-	-	-	(16,809)
Net Cash Provided By Operating Activities	<u>1,158,908</u>	<u>114,535</u>	<u>881</u>	<u>19,610</u>	<u>1,293,934</u>
Cash Provided by (Used For) Capital and Related Financing Activities:					
Sale of fixed assets	-	58,838	-	-	58,838
Purchase of fixed assets	-	(171,656)	-	-	(171,656)
Net Cash Provided by (Used For) Capital and Related Financing Activities	<u>-</u>	<u>(112,818)</u>	<u>-</u>	<u>-</u>	<u>(112,818)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	1,158,908	1,717	881	19,610	1,181,116
Cash and Cash Equivalents - January 1	<u>5,894,626</u>	<u>112</u>	<u>718</u>	<u>48,965</u>	<u>5,944,421</u>
Cash and Cash Equivalents - December 31	<u>\$ 7,053,534</u>	<u>\$ 1,829</u>	<u>\$ 1,599</u>	<u>\$ 68,575</u>	<u>\$ 7,125,537</u>

The Accompanying Notes are an integral part of these financial statements.

ROSCOMMON COUNTY
AGENCY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2018

ASSETS

Cash and investments	<u>\$ 1,892,269</u>
Total Assets	<u>\$ 1,892,269</u>

LIABILITIES

Due to governmental units	\$ 151,978
Undistributed collections	1,460,289
Other current liabilities	<u>280,002</u>
Total Liabilities	<u>\$ 1,892,269</u>

The accompanying notes are an integral part of these financial statements.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies:

DESCRIPTION OF COUNTY OPERATIONS

The County was organized in 1876 and covers an area of approximately 576 square miles with the County seat located in Roscommon, Michigan. The County operates under an elected Board of Commissioners of five (5) members and provides services, assistance and care to its 24,449 residents, primarily from the operations of its General Fund and Special Revenue Funds. The County's services, assistance and care include the (1) general county departments, boards and commissions; (2) court system administration; (3) law enforcement and corrections; (4) assistance and/or institutional care to the aged, needy, wards of the court and neglected children, public and mental health recipients; (5) libraries, and (6) recreation.

REPORTING ENTITY

As required by generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement no. 61 "The Financial Reporting Entity", these financial statements present Roscommon County (primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

COMPONENT UNITS - In conformity with 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 - The Roscommon County Building Authority is governed by a board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings.

DISCRETELY PRESENTED COMPONENT UNITS - The Component Unit's Columns in the Government-wide Financial Statements include the financial data of the Roscommon County Road Commission. These financial statements are reported in a separate column to emphasize that they are legally separate from the County.

ROSCOMMON COUNTY ROAD COMMISSION - The Road Commission operates under an elected Board of Commissioners; however, the Road Commission is fiscally dependent on the County because treasury functions are maintained by the County Treasurer, the County approval is needed for entering into certain types of debt, and it would be misleading to exclude these financial statements. Copies of the separately audited financial statements of the Road Commission can be obtained at their business office located in Prudenville.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

JOINTLY GOVERNED ORGANIZATIONS

CENTRAL MICHIGAN DISTRICT HEALTH DEPARTMENT: Roscommon County participates jointly with Arenac, Clare, Gladwin, Isabella and Osceola Counties in the operation of the Central Michigan District Health Department. All of the financial operations of the District Health Department are recorded in the records of Isabella County. The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the districts total population and valuation. Roscommon County's appropriation to the District Health Department for the calendar year was \$287,574. A copy of the audit report may be acquired from the following: Central Michigan District Health Department, 2012 E. Preston, Mt. Pleasant, MI 48858.

NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY: Roscommon County participates jointly with Crawford, Missaukee, Grand Traverse, Leelanau, and Wexford Counties, in the operation of the North Central Community Mental Health Authority. The authority was established October 1, 2004 pursuant to MCL 330.1210. All of the financial operations of the Community Mental Health Authority are recorded in the records of Grand Traverse County. The funding formula approved by the member counties is based on pro rata of each unit's population to the total population of the participating counties. Roscommon County's appropriation to the authority for the calendar year was \$72,567. A copy of the audit report may be acquired from the following: Northern Lakes Community Mental Health, 105 Hall Street, Suite A, Traverse City, MI 49684.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS: The government-wide financial statements (i.e., the statements 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*, which normally are 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. *Indirect expenses* are charged based upon a County-wide cost allocation plan which allocates costs based upon the number of full time equivalents, number of transactions, and other pertinent information. *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 are not properly included among program revenues are reported instead as *general revenues*.

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.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1 of the year for which they were levied, the Delinquent Tax Revolving Fund pays the County for any outstanding taxes as of that date. 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible 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. Grant revenues are considered to be available when all eligibility requirements imposed by the provider have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and select compensated absences are recorded only when payment is due.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* 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.

Central Dispatch E911 Fund - This fund is used to account for revenue collected and operational expenses for emergency dispatching in Roscommon County.

Sheriff Road Patrol Fund - This fund is used to account for revenue collected and operation expenses for the Sheriff's Department and law enforcement activities.

Housing Rehabilitation Fund - This fund is used to account for the mortgage receivables and related program income from housing grants closed out in prior years.

Commission on Aging Fund - This fund is used to account for property tax revenues levied for the welfare of senior citizens.

Gypsy Moth Fund - This fund is used to account for the property tax revenue and operation expenses for the supervision of the gypsy moth in Roscommon County.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED):

The County reports the following major enterprise funds:

Tax Payment Fund - This fund is used to pay each local governmental unit, including the County General Fund, the respective amount of taxes not collected as of March 1 of each year. Financing is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Airport Fund - This fund is used to account for the Airport operations located in Prudenville, Michigan.

Additionally, the County reports the following fund types:

Special Revenue Funds are used to account for revenue from specific revenue sources (other than major capital projects) and related expenditures which are restricted for specific purposes by administrative action or law.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the Building Authority.

Agency Funds are used to account for assets held on behalf of outside parties, including other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are interest and penalties on delinquent taxes and charges for services provided. Operating expenses for the enterprise funds consist of administrative expenses, airport and landfill operating costs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

BUDGETS AND BUDGETARY ACCOUNTING - Except as noted, all fund types and funds are under direct or superintending budgetary control of the County Board of Commissioners. Certain fund budgets are controlled by other County boards or commissions and/or department heads and certain program budgets are in effect for fiscal periods other than the County's fiscal year.

Governing board of commissions and/or department heads responsible for certain fund budgets transmit the budgetary information to the County Board of Commissioners for review and inclusion in the County's General and Special Appropriations Acts as required by the Uniform Budgeting and Accounting Act - Michigan Public Act 621 of 1978.

In accordance with the Uniform Budgeting and Accounting Act the County Board of Commissioners is responsible for all County funds except the County Road Fund which is the responsibility of the Board of County Road Commissioners.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The County, through its appointed chief administrative and chief fiscal officer, follows the requirements of the Uniform Budgeting and Accounting Act in the preparation and execution of its annual budget. Any violations are disclosed in audits of the County's financial statements as required by law.

The budgets for the County's governmental fund types were adopted on a basis consistent with modified accrual basis of accounting consistent with the actual financial statements for the funds. The General Fund and Special Revenue Funds' budgets were reviewed and amended periodically throughout the year.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

INVENTORY - County Road Commission (Special Revenue Fund) road equipment parts and materials inventory items and the Airport (Enterprise Fund) fuel inventory are stated at cost and utilized the first-in, first-out method of accounting when used. All other inventories, including the cost of supplies for other County funds are recorded as expenditures at the time of purchase.

CAPITAL ASSETS - Capital assets, which include property, plant, equipment, and 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 \$3,000 and an estimated useful life in excess of two years. Such assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exists. Donated capital assets are valued at their estimated fair value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

No interest expense has been incurred or capitalized on capital assets reported in proprietary funds.

Depreciation on the capital assets (including infrastructure) of the primary government, as well as the component units, is computed using the straight-line or sum-of-the-years digits method over the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings	30-50
Public domain infrastructure	8-50
Equipment	3-20

PROPERTY TAXES - Assessed property values are established annually (the first Monday in March) by the local units of government and equalized by the State at an estimated 50% of current market value. Property taxable value is determined in accordance with (MCL 211.34d). The property taxes are levied based on taxable value on December 1, and are payable without penalty through the following February 28.

Real property taxes not paid by February 28 are purchased by the County as part of the March tax settlement. County property taxes are recognized as revenue in the current fiscal year when services financed by the levy are being provided.

Because County operating mills are levied on July 1st for each fiscal year ended December 31, it is Roscommon County's policy to recognize revenue from the current tax levy in the year when the proceeds of this levy are budgeted and made available for financing operations. Available means collected within the current period or expected to be paid from the delinquent tax revolving fund within one year.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The December 2017 taxable valuation of Roscommon County amounted to \$1,278,309,058 on which ad valorem taxes of 3.583 mills were levied for Operations, .6593 mills for E-911 Operations, 1.5 mills for County Road Patrol, 1.0 mills for the Commission on Aging, .25 mills for Gypsy Moth, .25 mills for Animal Control, .167 for Veterans Affairs and .50 mills for the Roscommon Public Transportation Authority Operations.

INTERNAL BALANCES - Any residual balances outstanding between the governmental activities and business-type activity are reported in the government-wide financial statements as "internal balances."

LONG-TERM OBLIGATIONS - In the government-wide financial statements and proprietary fund type statements, the 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. For new bond issuances after the implementation of GASB Statement No. 34, bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

OTHER FINANCING SOURCES AND USES - The transfers of cash between the various County funds are budgeted but reported separately from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case, they are carried as assets and liabilities of the advancing or borrowing funds.

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 County has items qualifying for reporting in this category related to the pension liability, OPEB liability, and grant funds.

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 deferred inflows of resources include mortgage receivables as unavailable revenue due to the question of their collectability; property taxes levied during the current year that were intended to finance future periods; pension related timing differences; and OPEB liabilities.

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

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCES - Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. There are five separate components of fund balance, each of which identifies the extent to which the County is bound to honor constraints on the specific purpose for which amounts can be spent.

1. Non-spendable fund balance (inherently non-spendable)
2. Restricted fund balance (externally enforceable limitations on use)
3. Committed fund balance (self-imposed limitations on use)
4. Assigned fund balance (limitation resulting from intended use)
5. Unassigned fund balance (the residual classification of the general fund)

As a general rule, when multiple categories of fund balance are available for expenditure, the County will start with the most restricted category and spend those funds first before moving down to the next category with available funds. The Board of Commissioners established a policy on January 1, 2012 to maintain a minimum fund balance in the General Fund equal to 15% of General Fund annual operating expenditures. On December 31, 2018, the fund balance was 13% of the operating expenditures.

NOTE B - EXCESS EXPENDITURES OVER APPROPRIATIONS

Public Act 621 of 1978, section 18 (1), as amended, provides that a County shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures for the General Fund, Special Revenue, and Debt Service Funds have been shown on a functional basis. The approved budget of the County for the General Fund was adopted on an activity and/or program level.

During the year ended December 31, 2018 the County incurred functional expenditures in the General, Special Revenue and Debt Service Funds which were in excess of the amounts appropriated as follows:

<u>Primary Government Fund/Function</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Budget Variance</u>
General Fund:			
District Court	\$ 627,492	\$ 627,459	\$ (7)
Jail	\$ 1,644,963	\$ 1,692,910	\$ (47,947)
Other			
Insurance	\$ 299,865	\$ 377,095	\$ (77,230)
Special Revenue Funds:			
Health Building Rental	\$ 32,675	\$ 32,708	\$ (33)
Law Library	\$ 20,588	\$ 21,231	\$ (643)
Housing Administration	\$ 1,200	\$ 1,736	\$ (536)
Debt Service Funds:			
Channel Court	\$ 39,000	\$ 47,930	\$ (8,930)

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE C - CASH AND INVESTMENTS

The captions on the statement of net position related to deposits and investments are as follows:

	<u>Cash and Deposits</u>	<u>Investments</u>	<u>Total</u>
Primary Government:			
Government Activities	\$ 3,216,358	\$ 829,817	\$ 4,046,175
Business-Type Activities	6,065,073	1,060,464	7,125,537
Agency Funds	1,833,815	58,454	1,892,269
Component Units:			
Road Commission	<u>1,734,923</u>	<u>561,425</u>	<u>2,296,348</u>
Total	<u>\$12,850,169</u>	<u>\$ 2,510,160</u>	<u>\$ 15,360,329</u>

The Government Accounting Standards Board Statement No. 3, risk disclosures for Roscommon County's cash deposits are as follows:

	<u>Primary Government</u>	<u>Carrying Amount Component Unit</u>	<u>Total</u>
Insured (FDIC)	\$ 1,654,283	\$ 829,688	\$ 2,483,971
Uninsured and Uncollateralized	<u>9,460,963</u>	<u>905,235</u>	<u>10,366,198</u>
Total Deposits	<u>\$ 11,115,246</u>	<u>\$ 1,734,923</u>	<u>\$ 12,850,169</u>
	<u>Bank Balances</u>		
Insured (FDIC)	\$ 1,654,283	\$ 829,688	\$ 2,483,971
Uninsured and Uncollateralized	<u>9,839,386</u>	<u>904,436</u>	<u>10,743,822</u>
Total Deposits	<u>\$ 11,493,669</u>	<u>\$ 1,734,124</u>	<u>\$ 13,227,793</u>

Deposits - At year-end, the carrying amount of the County's deposits was \$12,850,169 and the bank balance was \$13,227,793. According to the Federal Deposit Insurance Corporation Rules and Regulations, approximately 19% of the total bank balance was covered by federal depository insurance.

Investments - Act 217, PA 1982, authorizes the County to deposit and invest in the following:

- a. Bonds and other direct obligations of the United States or its agencies.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of federally insured banks, insured savings and loan associations or credit unions insured by the national credit union administration that are eligible to be depository of surplus money belonging to the State under section 5 or 6 of act 105, PA 1855, as amended (MCL 21.145 and 21.146).
- c. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services. Maturity cannot be more than 270 days after purchase.
- d. United States governmental or Federal agency obligation repurchase agreements.
- e. Bankers' acceptance of United States banks.
- f. Mutual funds composed of investments which are legal for direct investments by local units of government in Michigan.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE C - CASH AND INVESTMENTS (CONTINUED)

The County's investments are categorized below to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the County's name.

	Category			Carrying	Market
	1	2	3	Amount	Value
Risk Categorized:					
Government Obligations	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
TOTAL CATEGORIZED INVESTMENTS	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	-0-	-0-
Non-Risk Categorized:					
Michigan Liquid Asset Fund				277,224	277,224
Michigan CLASS				1,418,883	1,418,883
Huntington National Bank				<u>814,053</u>	<u>814,053</u>
Total Investments				<u>\$ 2,510,160</u>	<u>\$ 2,510,160</u>

The non-categorized investments are the County's share of investment pools which were made up of U.S. Treasury, Agencies, and instrumentalities, commercial paper, banker's acceptances, and repurchase agreements which were not in the name of the County.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Interest Rate Risk

The County has not adopted a policy that indicates how the County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting the weighted average maturity of its investment portfolio to less than a given period of time.

Concentration of Credit Risk

The County has not adopted a policy that indicates how the County will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the County's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE D - ACCOUNTS RECEIVABLE

Accounts receivable consists of Register of Deeds services of \$22,214 and the Airport Fund of \$420 totaling \$22,634.

NOTE E - DUE FROM GOVERNMENTAL UNITS

Due from other governmental units for the Primary Government consists of amounts due from the Federal Government of \$10,230, the State of Michigan of \$484,158, due from other Counties of \$50,387, totaling \$544,775.

NOTE F - MORTGAGE RECEIVABLES

The long-term mortgage receivable offset by deferred inflows of resources consists of \$1,909,867 in HUD mortgages from current and previous years grants. The receivables are not recognized as revenue until collected due to the question of their collectability.

NOTE G - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<u>Primary Government</u>				
Governmental activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 2	\$ -	\$ -	\$ 2
Subtotal	2	-	-	2
Capital Assets Being Depreciated:				
Buildings and improvements	16,914,733	-	-	16,914,733
Machinery and equipment	3,670,659	79,694	741,964	3,008,389
Vehicles	1,177,038	116,008	-	1,293,046
Total	21,762,430	195,702	741,964	21,216,168
Less Accumulated Depreciation:				
Buildings and improvements	9,197,113	294,286	-	9,491,399
Machinery and equipment	2,882,730	163,489	734,271	2,311,948
Vehicles	931,110	91,847	-	1,022,957
Total	13,010,953	549,622	734,271	12,826,304
Net Capital Assets Being Depreciated	8,751,477	(353,920)	7,693	8,389,864
Total Net Capital Assets	\$ 8,751,479	\$ (353,920)	\$ 7,693	\$ 8,389,866
	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Business-type activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 205,431	\$ -	\$ -	\$ 205,431
Subtotal	205,431	-	-	205,431
Capital Assets Being Depreciated:				
Buildings and improvements	3,216,179	101,886	-	3,318,065
Machinery and equipment	173,930	69,770	71,745	171,955
Vehicles	11,500	-	-	11,500
Total	3,401,609	171,656	71,745	3,501,520
Less: Accumulated Depreciation	1,213,080	108,762	12,907	1,308,935
Net Capital Assets Being Depreciated	2,188,529	62,894	58,838	2,192,585
Total Net Capital Assets	\$ 2,393,960	\$ 62,894	\$ 58,838	\$ 2,398,016

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE G - CAPITAL ASSETS (CONTINUED)

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

Governmental activities:	
Judicial	\$ 163,866
General government	60,536
Public works	6,018
Public safety	270,869
Health and welfare	<u>48,333</u>
Total depreciation expense - governmental activities	<u>\$ 549,622</u>
Business-type Activities:	
Airport	<u>\$ 108,762</u>

Discretely Presented Units

Activity for the capital assets of the component units for the year ended December 31, 2018, were as follows:

	Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
Capital Assets Not Being Depreciated:				
Land and Improvements	\$ 2,164,114	\$ -	\$ -	\$ 2,164,114
Subtotal	<u>2,164,114</u>	<u>-</u>	<u>-</u>	<u>2,164,114</u>
Capital Assets Being Depreciated:				
Land Improvements	433,020	-	-	433,020
Buildings	6,943,275	30,376	-	6,973,651
Road Equipment	9,828,286	656,107	-	10,484,393
Shop Equipment	248,830	-	-	248,830
Office Equipment	172,313	-	-	172,313
Engineers Equipment	148,600	2,718	-	151,318
Yard & Storage Equipment	369,836	-	-	369,836
Infrastructure - Bridges	1,835,735	28,178	-	1,863,913
Infrastructure - Roads	<u>34,940,018</u>	<u>2,979,451</u>	<u>1,071,716</u>	<u>36,847,753</u>
Total	<u>54,919,913</u>	<u>3,696,830</u>	<u>1,071,716</u>	<u>57,545,027</u>
Less Accumulated Depreciation:				
Land Improvements	221,309	13,937	-	235,246
Buildings	2,723,569	155,230	-	2,878,799
Road Equipment	7,717,802	774,582	-	8,492,384
Shop Equipment	229,939	5,416	-	235,355
Office Equipment	149,238	5,851	-	155,089
Engineers Equipment	103,136	8,628	-	111,764
Yard & Storage Equipment	241,208	14,973	-	256,181
Infrastructure - Bridges	1,113,248	6,827	-	1,120,075
Infrastructure - Roads	<u>18,737,741</u>	<u>2,150,904</u>	<u>1,071,716</u>	<u>19,816,929</u>
Total	<u>31,237,190</u>	<u>3,136,348</u>	<u>1,071,716</u>	<u>33,301,822</u>
Net Capital Assets Being Depreciated	<u>23,682,723</u>	<u>560,482</u>	<u>-</u>	<u>24,243,205</u>
Total Net Capital Assets	<u>\$ 25,846,837</u>	<u>\$ 560,482</u>	<u>\$ -</u>	<u>\$ 26,407,319</u>

Depreciation expense of \$3,136,348 was recognized by the Road Commission for the year ended December 31, 2018.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE H - COMPENSATED ABSENCES

Primary Government

Roscommon County has an accrued liability for accumulated vested paid time off based on a maximum of 20 days and 1,000 hours for vacation and sick time, respectively. An accrual of \$616,845 is reported in the total Primary Government of the Net Position as of December 31, 2018.

Road Commission - Component Unit

In accordance with contracts negotiated with the various employee groups of the Road Commission, employees have a vested right upon termination to receive compensation for accumulated sick and vacation leave under formulas and conditions specified in the contracts. The dollar amount of these vested rights, which has been accrued on the financial statements amounts to approximately \$133,642 for sick and \$195,896 vacation at December 31, 2018.

NOTE I - LONG-TERM DEBT:

Following is a summary of pertinent information concerning the County's long-term debt:

LEGAL DEBT MARGIN

Article 7, Section 11 of the Constitution of Michigan of 1963 states that, "No County shall incur any indebtedness which shall increase its total debt beyond 10 percent of its assessed valuation." In addition, Section 46.11b(2) of Compiled Laws of 1979 as amended concerning the purchases of land, property or equipment for a period of 10 years or less states in part: The aggregate outstanding balance...shall not exceed $\frac{1}{2}$ of 1% of the equalized value...balance. Following is an analysis of the County Legal Debt Margin as of December 31, 2018. The county is in compliance with the aforementioned State of Michigan Statutes.

	<u>2018 State Equalized Value</u>	<u>Debt Limit 10%</u>	<u>Outstanding Debt</u>	<u>Legal Debt Margin</u>
Computation	<u>\$ 1,534,157,880</u>	<u>\$ 153,415,788</u>	<u>\$ 3,574,729</u>	<u>\$149,841,059</u>

Outstanding Debt Descriptions:

	<u>Primary Government</u>	<u>Road Commission</u>	<u>Total</u>
General Obligation:			
General Obligation Bonds	\$ -0-	\$ 2,090,000	\$ 2,090,000
Drain Notes	538,346	-0-	538,346
Compensated Absences	<u>616,845</u>	<u>329,538</u>	<u>946,383</u>
Totals	<u>\$ 1,155,191</u>	<u>\$ 2,419,538</u>	<u>\$ 3,574,729</u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE I - LONG-TERM DEBT (CONTINUED)

The general long-term debt and other general long-term obligations of the County, and the changes therein, may be summarized as follows:

PRIMARY GOVERNMENT

	<u>Balance</u> <u>1/1/2018</u>		<u>Additions</u>		<u>Deductions</u>	<u>Balance</u> <u>12/31/2018</u>	<u>Due within</u> <u>one year</u>
Johnston Haven Drainage District Drain Notes @ 2.4048%	\$ 160,896		\$ -		\$ 23,650	\$ 137,246	\$ 24,101
Channel Court Drainage District Drain Notes @2.4048%	222,453		-		44,923	177,530	31,769
Pine Bluffs Drainage District Drain Notes @ 3.0%	174,300		-		35,730	138,570	21,557
Richfield Drain #1 District Drain Notes @ 6.0%	85,000		-		-	85,000	-
Compensated Absences	614,663	(1)	2,182		-	616,845	-
Total Primary Government	<u>1,257,312</u>		<u>2,182</u>		<u>104,303</u>	<u>1,155,191</u>	<u>77,427</u>

(1) Changes in compensated absences are shown as a net addition/deduction.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE I LONG-TERM DEBT (CONTINUED)

COMPONENT UNITS

Road Commission Component Unit

	<u>Balance</u> <u>1/1/2018</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u> <u>12/31/2018</u>	<u>Due within</u> <u>one year</u>
General Obligation Bonds								
2009 MTF Refunding Bonds	\$ 360,000		\$ -		\$ 175,000		\$ 185,000	\$ 185,000
2017 MTF Refunding Bonds	1,905,000		-		-		1,905,000	25,000
Compensated Absences	303,289	(1)	26,249		-		329,538	-
Total Component Unit								
Long-Term Debt	2,568,289		26,249		175,000		2,419,538	210,000
Total Reporting Entity								
Long-Term Debt Account								
Group	<u>\$ 3,825,601</u>		<u>\$ 28,431</u>		<u>\$ 279,303</u>		<u>\$ 3,574,729</u>	<u>\$ 287,427</u>

(1) Changes in compensated absences are shown as a net addition/deduction.

Johnston Haven Drain Notes

The County issued General Obligation Limited Tax Notes, Series 2015 on July 9, 2015 under Act No. 40 of Public Acts of 1956. These notes were issued in the form of a single, fully registered note in the denomination of \$208,000, bear interest rate of 2.4048% per annum payable on each June 1, commencing June 1, 2016, and each June 1 thereafter through June 1, 2025. The note proceeds were used to fund the Johnston Haven Drainage District Project with the note being repaid through a special assessment. The Johnston Haven Drain notes were purchased by the County Tax Payment Funds in 2016 with the same terms of repayment that were negotiated by the bank and are now reflected as a receivable in the County Tax Payment Funds.

Johnston Haven Drainage

Annual Debt Service Requirements:

<u>Year</u>	
2019	\$ 24,101
2020	23,600
2021	23,100
2022	22,600
2023	22,100
2024	21,600
2025	12,745
Total Payments	149,846
Less Interest and Fees	12,600
Net Balance Due	<u>\$ 137,246</u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE I - LONG-TERM DEBT (CONTINUED)

Channel Court Drain Notes

The County issued General Obligation Limited Tax Notes, Series 2015 on July 9, 2015 under Act No. 40 of Public Acts of 1956. The notes were issued in the form of a single, fully registered note in the denomination of \$275,000, bear interest rate of 2.4048% per annum payable on each June 1, commencing June 1, 2016, and each June 1 thereafter through June 1, 2025. The note proceeds were used to fund the Channel Court Drain District Project with the note being repaid through a Special Assessment. The Channel Court Drain Notes were purchased by the County Tax Payment Funds in 2016 with the same terms of repayment that were negotiated by the bank and are now reflected as a receivable in the County Tax Payment Funds.

Channel Court Drain Notes

Annual Debt Service Requirements:

<u>Year</u>	
2019	\$ 31,769
2020	31,108
2021	30,447
2022	29,785
2023	29,124
2024	28,463
2025	<u>12,832</u>
Total Payments	193,528
Less Interest and Fees	<u>15,998</u>
Net Balance Due	<u>\$ 177,530</u>

Pine Bluffs Drain Notes

On September 13, 2017, the County authorized the County Treasurer to enter into a Drain Note Agreement for the purpose of financing the Pine Bluffs Drainage District Project. The Note is for a total of \$174,300 at an interest rate of 3.0% with repayment to be made over a 10 year period in annual installments.

Pine Bluffs Drain Notes

Annual Debt Service Requirements:

<u>Year</u>	
2019	\$ 21,557
2020	21,035
2021	20,513
2022	19,991
2023	19,469
2024	18,947
2025	18,222
2026	<u>17,173</u>
Total Payments	156,907
Less Interest and Fees	<u>18,337</u>
Net Balance Due	<u>\$ 138,570</u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE I - LONG-TERM DEBT (CONTINUED)

Richfield Drain #1

On November 21, 2017, the County authorized the County Treasurer to enter into a Drain Note Agreement for the purpose of financing the Richfield Township Drain District #1. The current amount of the note is \$85,000 with an interest rate of 6.0%. The final terms of the repayment are to be determined when the project is finished.

General Obligation Bonds Payable - Road Commission

2017 Michigan Transportation Refunding Bonds

On November 28, 2017, the County of Roscommon approved a \$1,905,000 Michigan Transportation Fund Refunding Bond issue, Series 2017, to refund the 2009 bond issue that was for the purpose of constructing Road Commission buildings. An advance refunding bond issue occurs when a new debt is issued to refinance an existing debt (old debt), but the proceeds must be placed in escrow pending call date or maturity. The difference between the cash flow required to service the old debt and the new debt and complete the refunding is \$1,866,419. The economic gain from the transaction (difference between the present value of the old debt service requirement and the present value of new debt service requirement, discounted at the effective interest rate on the new debt and adjusted for any additional cash) is \$127,385. The total bond issuance cost, including issuance cost, underwriter's discount, insurance fee, and additional proceeds was \$40,698. The refunding bonds are payable over the period of 2018 to 2027 at an interest rate \$1.981%.

2009 Michigan Transportation Refunding Bonds

On December 29, 2009, the County of Roscommon approved a \$3,225,000 Michigan Transportation Fund Refunding Bond issue, Series 2009, to refund the 2004 bond issue that was for the purpose of constructing Road Commission buildings. An advance refunding bond issue occurs when a new debt is issued to refinance an existing debt (old debt), but the proceeds must be placed in escrow pending call date or maturity. The refunding bonds were payable over the period of 2009 to 2027 at interest rates that range from 2% to 4%.

Annual Debt Service Requirements:

<u>Year</u>	<u>Amount</u>
2019	\$ 247,490
2020	250,113
2021	250,805
2022	256,348
2023	251,791
2024	257,135
2025	252,381
2026	257,528
2027	<u>257,526</u>
Total Payments	2,281,117
Less Interest & Fees	<u>(191,117)</u>
Net Balance Due	<u>\$ 2,090,000</u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE J - PENSION PLAN

Defined Benefit Plan

Plan Description

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

01 General Union: Closed to new hires

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 years
Early Retirement (Unreduced):	50/25
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions:	3.50%
DC Plan for New Hires:	3/1/2010
Act 88:	No

02 Sheriff: Closed to new hires, linked to Division 21

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.00%
Act 88:	No

11 Friend of the Court: Closed to new hires

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 years
Early Retirement (Unreduced):	50/25
	55/15
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions:	5.50%
DC Plan for New Hires:	3/1/2010
Act 88:	No

20 Command Unit: Closed to new hires, linked to Division 21

	2017 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	8 years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions:	5.00%
Act 88:	No

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE J - PENSION PLAN (CONTINUED)

HA - Prsctng att/asst aftr 12/1/15: Open Division	
	2017 Valuation
Benefit Multiplier:	Hybrid Plan - 1.50% Multiplier
Normal Retirement Age:	60
Vesting:	6 years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions:	0.00%
Act 88:	No

Membership of the defined benefit plan consisted of the following at the date of the latest actuarial valuation (December 31, 2017):

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled but not yet receiving benefits	31
Active plan members	<u>78</u>
Total	<u>217</u>

Contributions

The County is required to contribute amounts at least equal to the Actuarially determined rate, as established by the MERS Retirement Board. The Actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The 2018 contribution rates or amounts were as follows:

General Union	\$438,636
Sheriff	\$277,452
Friend of the Court	\$ 17,532
Command Unit	\$104,268
Prosecuting Attorney after 12/1/15	5.85%

Net Pension Liability

The employer's Net Pension Liability was measured as of December 31, 2017, and the total pension liability used to calculate the Net Pension Liability was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

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

Inflation: 2.25%

Salary Increases: 3.75% in the long-term

Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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

The Actuarial Assumptions used in valuations were based on the results of the most recent Actuarial experience study of 2009-2013.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE J - PENSION PLAN (CONTINUED)

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

Asset Class	Target Allocation	Target Allocation Gross Rate of Return	Long-Term Expected Gross Rate of Return	Inflation Assumption	Long-Term Expected Real Rate of Return
Global Equity	55.5%	8.65%	4.80%	2.50%	3.41%
Global Fixed Income	18.5%	3.76%	0.70%	2.50%	0.23%
Real Assets	13.5%	9.72%	1.31%	2.50%	0.97%
Diversifying Strategies	12.5%	7.50%	0.94%	2.50%	0.63%
Total	100.0%		7.75%		5.25%

Discount rate. The discount rate used to measure the total pension liability is 8.0%. The current discount rate shown for GASB 68 purposes is higher than MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/16	\$ 27,921,764	\$ 20,804,478	\$ 7,117,286
Changes for the Year:			
Service Cost	453,024	-	453,024
Interest	2,186,149	-	2,186,149
Changes in benefits	-	-	-
Differences between expected and actual experience	(227,288)	-	(227,288)
Change in assumptions	-	-	-
Contributions: employer	-	887,750	(887,750)
Contributions: employees	-	164,086	(164,086)
Net investment income	-	(802,490)	802,490
Benefit payments, including refunds	(1,642,831)	(1,642,831)	-
Administrative expense	-	(40,058)	40,058
Other changes	47,406	-	47,406
Net Changes	816,460	(1,433,543)	2,250,003
Balance at 12/31/17	\$ 28,738,224	\$ 19,370,935	\$ 9,367,289

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE J - PENSION PLAN (CONTINUED)

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

The following presents the net Pension Liability of the employer, calculated using the discount rate of 8.0%, as well as what the employer's Net Pension Liability would be using a discount rate that is 1 percentage point lower (7.0%) or 1% higher (9.0%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total Pension Liability	\$ 32,054,041	\$ 28,738,224	\$ 25,933,414
Fiduciary Net Position	19,370,935	19,370,935	19,370,935
Net Pension Liability	<u>\$ 12,683,106</u>	<u>\$ 9,367,289</u>	<u>\$ 6,562,479</u>

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

For the year ended December 31, 2018 the employer recognized pension expense of \$1,643,313. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 7,620	\$ 180,847
Differences in assumptions	-0-	-0-
Excess (deficit) investment returns	2,309,394	820,310
Contributions subsequent to the Measurement date *	<u>887,750</u>	<u>-0-</u>
Total	<u>\$ 3,204,764</u>	<u>\$ 1,001,157</u>

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ended December 31, 2019.

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

2019	\$ 444,766
2020	88,661
2021	291,060
2022	489,846
2023	<u>1,524</u>
Total	<u>\$1,315,857</u>

County Road - Component Unit

The Roscommon County Road Commission Money Purchase Plan is a single employer Plan established by the Roscommon Board of County Road Commission in 1985 to provide retirement and pension benefits. The trustees of the plan are the Board of County Road Commissioners. An administrative service agreement has been entered into with the Principal Financial Group to provide a number of the administrative functions.

The Plan covers substantially all full-time employees of the Road Commission, and had a membership of 39 participants at September 30, 2018. Act No. 103 of the Public Act of 1960, as amended, governs the benefits and conditions of the Pension Plan. The Road Commission contributes 13 percent of all employees base compensation to the plan monthly. All benefits vest immediately and are credited to each participants account. For the calendar year ended December 31, 2018. The Road Commission's payroll subject to retirement contribution amounted to approximately \$1,904,693 with employer contributions of \$247,610.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE J - PENSION PLAN (CONTINUED)

The information required by the Governmental Accounting Standards concerning "accounting policies and plan assets matters" is not provided in the annual actuarial valuation report issued by the Principal Financial Group, which handles and invest all of the pension assets.

NOTE K - RESTRICTED NET POSITIONS

Net Asset reserves can be described as follows:

<u>Restricted For</u>	<u>Amount</u>	<u>Description</u>
Primary Government:		
E-911 Training	<u>\$ 20,682</u>	Portion of E-911 revenues dedicated for training.
Contamination Cleanup	<u>\$ 305,377</u>	Amount restricted by the State of Michigan for potential contamination cleanup.
Insurance Deductibles	<u>\$ 60,000</u>	Amount reserved by board resolution for the payment of MMRMA liability insurance deductibles.
Delinquent Property Taxes	<u>\$ 301,519</u>	Net fees received from delinquent tax sales in accordance with Public Act 123.

NOTE L - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As a result of the higher cost of obtaining commercial insurance, the County joined the Michigan Municipal Liability and Property Pool. The Pool was established in 1982 under Public Act 138 of 1982, as amended by Public Act 36 of 1988, to develop and administer a group program of liability and property self insurance for Michigan municipalities. The objectives of the Pool are to establish and administer a municipal risk management service, to lessen the incidence of property and casualty losses occurring in the operation of local governmental functions, and to defend members of the Pool against stated liability or loss. Any city or village which is a member of the Michigan Municipal League or any instrumentality of any city or village or, any governmental city which hold Service Associate States with the League is eligible to participate in the Pool. There are approximately 740 members in the Pool. The Pool is self-sustaining through member premiums and reinsures through N.C. Mutual Insurance Company. Settled claims from these risks have not exceeded insurance coverages for the past three years.

The County is also a member of the Michigan Municipal Workers Compensation Fund. This program was formed in 1977 under the sponsorship of the Michigan Municipal League and is subject to the direct supervision and regulation of the Bureau of Workers Disability Compensation and the Michigan Department of Labor. The County has a workers compensation liability coverage of \$500,000.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS

PRIMARY GOVERNMENT

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the Roscommon County Employee OPEB Plan and additions to/deductions from the County's fiduciary net position have been determined on the same basis as they are reported by Roscommon County. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PLAN DESCRIPTION

Roscommon County Retiree Medical Plan is a single employer plan established and administered by Roscommon County and can be amended as its discretion.

Benefits Provided

Eligibility:

- . Sheriff - Hired prior to 2009 and attain age 55 with 20 years of service.
- . Others - Hired prior to 2013 and attain age 55 with 25 years of service.

Employer benefits:

- . Medical and dental premiums paid for retiree and dependents from age 62 until Medicare eligibility.

Spouse coverage:

- . Spouse covered until earliest of death, death of retiree, Medicare eligibility or Medicare eligibility of retiree.

Changes since prior valuation:

- . Benefits eliminated for non-Sheriff employees hired after 2012.

Summary of Plan Participants

As of December 31, 2017, Retirement Plan membership consisted of the following:

	<u>Sheriff</u>	<u>Others</u>	<u>Total</u>
Inactive plan members receiving benefits	2	7	9
Covered Spouses of retirees	2	6	8
Active plan members	<u>21</u>	<u>43</u>	<u>64</u>
Total Participants	25	56	81

Contributions

The Roscommon County Employee OPEB Plan was established and is being funded under the authority of the County and under agreements with the unions representing various classes of employees. The plan's funding policy is that the employer will fund the plan on a pay-as-you-go basis. That is, benefit payments will be made from general operating funds. There are no long term contracts for contributions to the plan. The plan has no legally required reserves.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

ASSUMPTIONS AND METHODS

The County's OPEB liability was measured as of December 31, 2017.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017 and the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Implicit in expected payroll increases
Salary increases	1.0%
Investment rate of return	N/A; plan is not pre-funded
20-year Aa Municipal bond rate	3.0%

Mortality: As set forth in IRS Regulations for 2018 (1.430(h)(3)), separately for males and females as well as annuitants and non-annuitants. Based on RP-2000 Tables with Scale AA.

As this plan is not pre-funded, no long-term expected rate of return on Plan Investments was determined.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.0%. Because the plan does not have a dedicated OPEB trust, there are no assets projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "depletion date"), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. December 31, 2017 is the first year of potential compliance with GASB 75, so there is no required discount rate change to disclose.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at January 1, 2017	\$ 2,455,689	\$ -	\$ 2,455,689
Changes during the Year			
Service Cost	85,501	-	85,501
Interest	75,259	-	75,259
Experience (Gains)/Losses	(876,145)	-	(876,145)
Change in plan terms	94,789	-	94,789
Change in actuarial assumptions	661,895	-	661,895
Contributions to OPEB trust	-	-	-
Contributions/benefit paid from general operating funds	-	65,156	(65,156)
Net Investment Income			-
Benefit Payments;			
Including Refunds of Employee Contributions	(65,156)	(65,156)	-
Administrative expenses	-	-	-
Total Changes	(23,857)	-	(23,857)
Balance at December 31, 2017	\$ 2,431,832	\$ -	\$ 2,431,832

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

Net OPEB Liability - Discount and Trend Rate Sensitivities

The following presents the net OPEB liability (NOL) of the County, calculated using trend and discount rates 1% higher and lower than base assumptions:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>Trend</u>			
Total OPEB Liability	\$ 2,070,283	\$ 2,431,832	\$ 2,868,251
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 2,070,283</u>	<u>\$ 2,431,832</u>	<u>\$ 2,868,251</u>
	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
<u>Discount</u>			
Total OPEB Liability	\$ 2,726,622	\$ 2,431,832	\$ 2,164,143
Plan Fiduciary Net Position	-	-	-
Net OPEB Liability	<u>\$ 2,726,622</u>	<u>\$ 2,431,832</u>	<u>\$ 2,164,143</u>

Components of County's OPEB Expense for the Fiscal Year Ending December 31, 2017

Below are the components of the Total OPEB Expense:

	<u>Fiscal Year Ending December 31, 2017</u>
Service Cost	\$ 85,501
Interest on Total OPEB Liability	75,259
Experience (Gains)/Losses	(64,517)
Changes in Assumptions	48,740
Changes in plan terms	94,789
Employee Contributions	-
Projected Earnings on OPEB Plan Investments	-
Investment Earnings (Gains)/Losses	-
Administrative expenses	-
Other Changes in Fiduciary Net Position	-
Total OPEB Expense	<u><u>\$ 239,772</u></u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

PRIMARY GOVERNMENT (CONTINUED)

OPEB Plan Fiduciary Net Position

The OPEB Plan Fiduciary Net Position as of December 31, 2018 is \$ -0-; this plan is not pre-funded

Deferred Inflows and Outflows of Resources Related to OPEB Plan

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Experience (Gains)/Losses	\$ -	\$ 747,111
Changes in Assumptions	564,415	-
Contributions subsequent to the Measurement date *	<u>95,470</u>	<u>0</u>
Total	<u>\$ 659,885</u>	<u>\$ 747,111</u>

* The amount reported as deferred outflows of resources resulting from the contributions subsequent to the measurement date will be recognized as a reduction in the Net OPEB Liability for the year ended December 31, 2019.

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

<u>Year Ended December 31.</u>	<u>Amount Recognized</u>
2019	\$ 15,777
2020	15,777
2021	15,777
2022	15,777
2023	15,777
Thereafter	<u>103,811</u>
	<u>\$ 182,696</u>

Reconciliation of Net OPEB Liability

Net OPEB Liability December 31, 2016	\$ 2,455,689
Total OPEB expense	239,772
Contributions	(65,156)
Change in deferred outflows of resources	613,155
Change in deferred inflows of resources	<u>(811,628)</u>
Net OPEB Liability December 31, 2017	<u>\$ 2,431,832</u>

Net OPEB Liability by Participant Status

Active participants	\$ 2,209,286
Inactive participants	<u>222,545</u>
Total	<u>\$ 2,431,831</u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

COMPONENT UNIT - ROAD COMMISSION

Plan Description

Roscommon County Road Commission administers a single-employer defined benefit healthcare plan. The plan provides healthcare benefits for eligible employees and their spouses upon retirement, in accordance with labor contracts. The benefits are provided under the collective bargaining agreement for union employees and by resolution of the Board of County Road Commissioners for nonunion employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided

Roscommon County Road Commission provides hospitalization and medical coverage for eligible retirees and their spouses through the road commission's group health insurance plan, which covers both active and retired members as follows:

- . Employees hired prior to December 29, 1993, and retired prior to July 1, 2013 with 30 years of employment and age 55 years, or greater, will receive supplemental health insurance after age 65 years for the employee and spouse for their lifetimes.
- . Employees hired prior to December 29, 1993, and retired prior to July 1, 2013 with 20 years of employment and age 62 years, or greater, will receive health insurance comparable to that provided to the current employees until age 65 years and supplemental health insurance for the employee and spouse for their lifetimes.
- . Employees hired after December 29, 1993, and retired prior to July 1, 2013 with 30 years of employment and age 55 years or greater, will receive supplemental health insurance after age 65 for the retiree until age 80, or the retirees death, which ever occurs first.
- . Employees hired after December 29, 1993, and retired prior to July 1, 2013 with at least 20 years of employment and age 62 or greater, will receive supplemental health insurance after age 65 for the retiree until the retiree reaches age 80 or dies, whichever occurs first.
- . Employees retiring after July 1, 2013 receive no benefits. In lieu of benefits an additional 3% of eligible wages is being contributed to their retirement and a negotiated payout was made for past services.

Employees Covered by the Benefit Terms

At year end, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	15
Inactive employees or beneficiaries entitled to but not yet receiving benefits	-0-
Active employees	<u>20</u>
Totals	<u>35</u>

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

COMPONENT UNIT - ROAD COMMISSION (CONTINUED)

Contributions

The Road Commission has no obligation to make contributions in advance of when the insurance premiums or claims are due for payment (in other words, this may be financed on a "pay-as-you-go" basis). For the year ended December 31, 2018, the Road Commission's actuarially determined contribution was \$74,183. The Road Commission paid retiree premiums of \$77,608 during the year and made no contributions to pre-fund the liability. Employees are required to contribute to the premium costs in accordance with the benefit provisions described previously.

Net OPEB Liability

The Road Commission's net OPEB liability was measured as of December 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined using the alternative measurement method as permitted GASB Statement 75 for employers in plans fewer than 100 (one hundred) total plan members.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectation 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 liability for benefits.

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 valuation was determined using the following actuarial assumptions:

Salary increases	3.0%, average, including inflation
Discount rate	3.5%, net of OPEB plan investment expense
Healthcare cost trend rates	5.6% per year
Mortality	RP-2014 group annuity mortality table of 50% male and 50% female blend

The discount rate was based on the current AA 20-year munibond rate.

Changes in the Total OPEB Liability

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

<u>Changes in OPEB Liability</u>	<u>Total OPEB Liability</u>
Beginning Balance	\$ 1,136,875
Service Cost	-0-
Interest	39,791
Benefit Payments	(77,608)
Other	197,684
Net Changes	159,867
Ending Balance	\$ 1,296,742

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE M - OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

COMPONENT UNIT - ROAD COMMISSION (CONTINUED)

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

The following presents the change in the net OPEB liability of the Road Commission, calculated using the discount rate of 3.50%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.50%) or 1% higher (4.50%) than the current rate:

	1.0% Decrease in rate to 2.5%	Assumed Rates Discount Rate 3.5%	1.0% Increase in rate to 4.5%
Net OPEB Liability	<u>\$ 1,219,905</u>	<u>\$ 1,296,742</u>	<u>\$ 1,382,491</u>

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

The following presents the total OPEB liability of the Road Commission, as well as what the Road Commission's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.6%) or 1-percentage-point higher (6.6%) than the current healthcare cost trend rates:

	1.0% Decrease 4.6%	Healthcare Cost Trend Rates 5.6%	1.0% Increase 6.6%
Net OPEB Liability	<u>\$ 1,215,118</u>	<u>\$ 1,296,742</u>	<u>\$ 1,385,366</u>

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

For the year ended December 31, 2018, the Road Commission recognized an OPEB expense of \$159,867. At December 31, 2018, the Road Commission did not report deferred outflows of resources and deferred inflows of resources related to OPEB from the following source as they use the alternative measurement method to determine the OPEB liability and this was the first year of reporting under GASB Statement 75.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE N - FUND BALANCE CLASSIFICATIONS

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which Roscommon 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:

Non-spendable - assets that are not available in a spendable form such as inventory, prepaid expenditures, and long-term receivables not expected to be converted to cash in the near term. It also includes funds that are legally or contractually required to be maintained intact such as the corpus of a permanent fund or foundation.

Restricted - amounts that are required by external parties to be used for a specific purpose. Constraints are externally imposed by creditors, grantors, contributors or laws, regulations or enabling legislation.

Committed - amounts constrained on use imposed by formal action of the government's highest level of decision-making authority (i.e., Board, Council, etc.).

Assigned - amounts intended to be used for specific purposes. The governing body, the budget or finance committee or a delegated municipality official, determines this.

Unassigned - all other resources; the remaining fund balance after non-spendable, restrictions, commitments, and assignments. This class only occurs in the General Fund, except for cases of negative fund balances. Negative Fund Balances are always reported as unassigned, no matter which fund the deficit occurs in.

Fund Balance Classification Policies and Procedures

For committed fund balance, Roscommon County's highest level of decision-making authority is the County Road Board. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is by vote and approval by the County Board of Commissioners.

For assigned fund balance, the Finance Committee is authorized to assign amounts to a specific purpose. Such assignments cannot exceed the available fund balance in any particular fund.

For the classification of fund balances, Roscommon County considers restricted amounts to have been spent when expenditures are incurred for the purposes for which both restricted and unrestricted fund balance is available. Also for the classification of fund balances, the County considers committed, assigned, or unassigned amounts to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

NOTE O - TAX ABATEMENTS

INDUSTRIAL FACILITIES EXEMPTION

Municipalities within the County of Roscommon entered into property tax Abatement Agreements with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (Known as the Industrial Facilities Exemption) PA 198 of 1974, as amended. The IFT on a new plant and non-industrial property, such as some high-tech personal property, is computed at half the local property tax millage rate. This amounts to a reduction in property taxes of approximately 50%.

Village of Roscommon Tax Abatements

For the year ended December 31, 2018, Roscommon County property taxes were reduced \$4,386 under this program.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE P - UPCOMING CHANGES IN ACCOUNTING STANDARDS

In January 2017, the Governmental Accounting Standards Board issued GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying fiduciary activities of governments and improves guidance for accounting and financial reporting related to how these activities should be reported. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2019-2020 fiscal year.

In March 2017, the Governmental Accounting Standards Board issued GASB Statement No. 85, Omnibus 2017, which addresses practice issues that have been identified during implementation and application of certain GASB statements. The statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pension and other postemployment benefits (OPEB)). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2017-2018 fiscal year and have been implemented.

In May 2017, the Governmental Accounting Standards Board issued GASB Statement No. 86, Certain Debt Extinguishment Issues, which improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County's financial statements for the 2017-2018 fiscal year.

In June 2017, the Governmental Accounting Standards Board issued GASB Statement No. 87, Leases, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the County financial statements for the 2020-2021 fiscal year.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2019-2020 fiscal year.

ROSCOMMON COUNTY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2018

NOTE Q - FEDERAL FINANCIAL ASSISTANCE

The County received \$91,697 of federal revenue through a capital grant administered by the Michigan Department of Transportation for Airport improvements. In addition, the County Road Commission, a component unit of the County, received \$840,362 federal revenue for road projects. Because the grant money was expended on improvement projects where the work was performed by independent contractors paid for and administered by the Michigan Department of Transportation, they are not included in the total federal assistance of the County for Single Audit purposes. The remaining federal funds received by the County totaled less than the \$750,000 threshold. Therefore, the County was not required to have a Single Audit performed for the year ended December 31, 2018.

NOTE R - RESTATEMENT

	<u>Governmental Activities</u>
Beginning net position as previously reported January 1, 2018	\$ 3,344,867
Restatement of Beginning net position - implementation of GASB 75: Accounting and Financial Reporting for Post employment Benefits (Measurement date) and contributions to beginning of fiscal year	<u>(906,143)</u>
Net position as restated, January 1, 2018	<u><u>\$ 2,438,724</u></u>

REQUIRED SUPPLEMENTAL INFORMATION

ROSCOMMON COUNTY
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF CHANGES IN PENSION LIABILITY
YEAR ENDED DECEMBER 31, 2018

	2017	2016	2015	2014
Service cost	\$ 453,024	\$ 466,920	\$ 471,513	\$ 468,642
Interest on total pension liability	2,186,149	2,114,719	2,094,219	1,922,534
Changes in benefit terms	-	(17,974)	-	-
Difference between expected and actual experience	(227,288)	(58,646)	12,192	58,745
Changes in assumptions	-	-	-	1,041,697
Benefit payments including employee refunds	(1,642,831)	(1,548,641)	(1,503,594)	(1,320,443)
Other changes	47,406	(9,460)	-	-
Net change in total pension liability	816,460	946,918	1,074,330	2,171,175
Total pension liability - beginning	27,921,764	26,974,846	25,900,516	23,729,341
Total pension liability - ending	\$ 28,738,224	\$ 27,921,764	\$ 26,974,846	\$ 25,900,516
Plan fiduciary net position				
Contributions - employer	\$ 887,750	\$ 767,871	\$ 700,090	\$ 654,650
Contributions - employee	164,086	158,123	146,484	167,779
Net investment income	(802,490)	2,485,897	1,990,307	(276,391)
Benefit payments, including employee refunds	(1,642,831)	(1,548,641)	(1,503,594)	(1,320,443)
Administrative expenses	(40,058)	(39,381)	(39,303)	(40,297)
Net change in plan fiduciary net position	(1,433,543)	1,823,869	1,293,984	(814,702)
Total plan fiduciary net position - beginning	20,804,478	18,980,609	17,686,625	18,501,327
Total plan fiduciary net position - ending	\$ 19,370,935	\$ 20,804,478	\$ 18,980,609	\$ 17,686,625
County's net pension liability	\$ 9,367,289	\$ 7,117,286	\$ 7,994,237	\$ 8,213,891
Plan fiduciary net position as a percentage of the total pension liability	67%	75%	70%	68%
Covered employee payroll	\$ 3,693,147	\$ 3,803,411	\$ 3,898,369	\$ 3,988,191
County's net pension liability as a percentage of covered payroll	254%	187%	205%	206%

ROSCOMMON COUNTY
EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Calendar Year						
	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 857,750	\$ 767,600	\$ 700,091	\$ 635,460	\$ 586,441	\$ 571,235	\$ 576,773
Contributions in relation to the actuarially determined contribution	887,750	767,872	700,091	654,650	586,441	571,235	602,675
Contribution excess (deficiency)	<u>\$ 30,000</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 19,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,902</u>
Covered-employee payroll	\$ 3,455,391	\$ 3,693,147	\$ 3,803,411	\$ 3,898,369	\$ 3,988,191	\$ 4,692,636	\$ 4,692,275
Actuarially determined contributions as a percentage of covered-employee payroll	24.82%	20.78%	18.41%	16.30%	14.70%	12.17%	12.29%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of December 31 each year, which is 24 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	21 years
Asset valuation method	5-year smoothed marked
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%, net of pension plan investment expense including inflation

ROSCOMMON COUNTY
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2018

Changes in Net OPEB Liability and Related Ratios

Below are the components of the Total OPEB Expense:

	Fiscal Year Ending December 31,
	<u>2017</u>
Total OPEB Liability	
Service Cost	\$ 85,501
Interest	75,259
Changes of Benefit Terms	94,789
Difference between Expected and Actual Experience	(876,145)
Change of Assumptions	661,895
Benefit Payments (Including Refunds of Employee Contributions)	<u>(65,156)</u>
Net Change in Total OPEB Liability	(23,857)
Total OPEB Liability - Beginning	<u>2,455,689</u>
Total OPEB Liability - Ending (a)	<u>2,431,832</u>
 Plan Fiduciary Net Position	
Contributions to OPEB Trust	-
Contributions/benefit payments made from general operating funds	65,156
Net Investment Income	-
Benefit Payments (Including Refunds of Employee Contributions)	(65,156)
Administrative Expenses	-
Other	<u>-</u>
Net Change in Fiduciary Net Position	-
Plan Fiduciary Net Position - Beginning	<u>-</u>
Plan Fiduciary Net Position - Ending (b)	<u>-</u>
 Net OPEB Liability - Ending (a) - (b)	 <u><u>\$ 2,431,832</u></u>

Plan Fiduciary Net Position as a percentage of Total OPEB Liability 0.0%

Covered Payroll Not available

Net OPEB Liability as Percentage of Payroll Not available

Schedule of Employer Contributions

	Fiscal Year Ending December 31,	
	<u>2017</u>	<u>2018</u>
Service Cost	\$ 88,066	\$ 86,927
Amortization of unfunded liability	<u>174,291</u>	<u>181,772</u>
Actuarially Determined Employer Contribution	262,357	268,699
Employer Contribution (benefit payments)	<u>(65,156)</u>	<u>(95,470)</u>
Contribution Deficiency/(Excess)	<u>\$ 197,201</u>	<u>\$ 173,229</u>
 Covered Employee Payroll	 Not Avail	 Not Avail
Contribution as a Percentage of Covered Payroll	Not Avail	Not Avail

ROSCOMMON COUNTY
ASSUMPTIONS AND METHODS USED IN OPEB CALCULATIONS
DECEMBER 31, 2018

Assumptions and methods used in Calculation of 2017 Actuarially Determined Contribution

Valuation date 12/31/2017

Actuarial Methods

Cost Method Entry Age Normal (level percentage of compensation)
Asset valuation method Not applicable; plan is not pre-funded

Actuarial Assumptions

Discount rate - 3.0% for December 31, 2017 liability and 2018 contribution

Rationale - 20 year AA Municipal bond rate

Salary scale - 1.0j%

Rationale - Expected future pay increases provided by client

Return on plan assets - N/A; Plan is not pre-funded

Mortality rates - 2018 IRS 1.430(h) Annuitant and Non-annuitant (sex distinct) tables

Rationale - Based on most up-to-date industry studies as published by the IRS

Turnover rates - Sample rates below

Rationale - Based on GASB recommended turnover and consistent with regional municipalities

Sample Age	Rate (%)	Sample Age	Rate (%)
20	5.00	40	1.45%
25	5.00	45	0.75%
30	4.50	50	0.75%
35	3.55		

Retirement rates - Sample rates below

Rationale - based on experience

Age	Rate	Sample Age	Rate
55	18%	59-60	20%
56	15%	61-63	24%
57	10%	64	27%
58	15%	65	100%

Utilization - Eligible employees will elect coverage at retirement consistent with current coverage; actual coverage used for non-active

Rationale - based on experience

Marital Status - 90% of active employees will have a covered spouse at retirement with females 3 years younger than males; actual status used for retirees

Rationale - based on experience

Dependents other than spouses - 20% of active employees will have dependents at retirement; actual status used for retirees

Rationale - based on experience

Annual claims costs

Pre-65 costs - for retirees or spouse under 65, see rates below:

Age	Participant	Spouse	Family
55-59	\$ 8,556	\$ 11,915	\$ 17,164
60-64	9,992	13,915	20,045

ROSCOMMON COUNTY
ASSUMPTIONS AND METHODS USED IN OPEB CALCULATIONS (CONTINUED)
DECEMBER 31, 2018

Medical cost basis

Pre-65 premiums - see rates below

Rationale - actual 2018 monthly rates

2018	Single	2 person	Family
Monthly			
Premium	\$ 492.81	\$ 1,179.07	\$ 1,481.43

Dental premiums - \$30.86 single/\$72.06 dual monthly rates

Rationale - actual 2018 monthly rates

Inflation rates

Medical:

Pre-65 - 8.0% in 2019 graded to 5.0% over 6 years

Dental - 3.0% annually

Rationale - consistent with national trends

Implicit Subsidy - age-weighted rates valued

Rationale - premiums are the same for active employees and pre-65 retirees

40% excise tax on "high cost" group health coverage - Monthly premiums are not projected to exceed the 2022 thresholds; The thresholds were indexed by CPI plus 1% in 2023 and CPI only beginning in 2024. The CPI is assumed to be 3% in 2023 and following

Data Collection

Date and form of data - All personnel and asset data was prepared by the plan sponsor or a representative and was generally relied upon as being correct and complete without audit by Watkins Ross

Method change since prior valuation

- * Funding method changed **from** Projected Unit Credit **to** Entry Age Normal (level percent of pay) and a salary scale of 1.0% was adopted

Assumption changes since prior valuation

- * Discount rate updated from 4.0% to 3.0%
- * Marital status assumption changed from 60% to 90%
- * Family coverage assumed for 20% of future retirees
- * Mortality tables updated to 2018
- * Trend rates updated **from** 6% graded to 5% over one year **to** 8% graded to 5% over six years
- * New retirement rates adopted

ROSCOMMON COUNTY
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
ROSCOMMON COUNTY ROAD COMMISSION
DECEMBER 31, 2018

	<u>2018</u>
Total OPEB Liability	
Service cost	\$ -
Interest	39,791
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions	-
Other	197,684
Benefit payments	<u>(77,608)</u>
Net change in total OPEB Liability	159,867
Total OPEB Liability - Beginning	<u>1,136,875</u>
Total OPEB Liability - Ending	<u><u>\$ 1,296,742</u></u>
 Covered Employee Payroll	 <u><u>\$ 1,904,693</u></u>
 Total OPEB Liability as a percentage of covered-employee payroll	 <u><u>68.08%</u></u>

GASB Statement No. 75 was implemented as of December 31, 2018. Information from prior years are not available. Additional years will be presented on this schedule on a prospective basis.

ROSCOMMON COUNTY
GENERAL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 634,433	\$ 568,338
Taxes receivable	310,830	334,778
Accounts receivable	14,527	23,144
Due from governmental units	<u>212,218</u>	<u>222,148</u>
Total Assets	<u><u>\$ 1,172,008</u></u>	<u><u>\$ 1,148,408</u></u>
Liabilities		
Accounts payable	<u>\$ 116,158</u>	<u>\$ 140,969</u>
Total Liabilities	<u>116,158</u>	<u>140,969</u>
Fund Balances		
Committed for:		
Insurance Deductibles	60,000	60,000
Unassigned	<u>995,850</u>	<u>947,439</u>
Total Fund Balances	<u>1,055,850</u>	<u>1,007,439</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,172,008</u></u>	<u><u>\$ 1,148,408</u></u>

ROSCOMMON COUNTY
GENERAL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Taxes	\$ 4,988,021	\$ 4,988,021	\$ 5,110,660	\$ 122,639
Licenses and permits	16,025	16,025	23,955	7,930
Federal	12,556	12,556	48,158	35,602
State	1,495,706	1,538,807	1,344,121	(194,686)
Local	146,085	146,085	136,024	(10,061)
Charges for services	1,332,610	1,349,323	1,594,450	245,127
Fines and forfeitures	23,500	23,500	21,974	(1,526)
Rents	6,714	6,714	6,635	(79)
Reimbursements and refunds	326,951	326,951	301,760	(25,191)
Interest	7,500	7,500	20,901	13,401
Total Revenue	8,355,668	8,415,482	8,608,638	193,156
Expenditures:				
Legislative	239,855	266,004	265,149	855
Judicial	2,039,069	1,951,749	1,947,296	4,453
General	2,286,308	2,464,131	2,455,300	8,831
Public safety	2,384,636	2,379,965	2,421,909	(41,944)
Public works	45,129	49,659	46,572	3,087
Health and welfare	492,883	574,917	574,398	519
Community & Economic Development	172,988	180,929	179,341	1,588
Other	316,050	351,514	378,744	(27,230)
Total Expenditures	7,976,918	8,218,868	8,268,709	(49,841)
Excess:				
Revenue over (under) expenditures	378,750	196,614	339,929	143,315
Other financing sources (uses):				
Operating transfers in	343,100	433,100	426,433	188,986
Operating transfers out	-	(718,293)	(717,951)	(189,190)
Total Other Financing Sources (Uses)	343,100	(285,193)	(291,518)	(204)
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	721,850	(88,579)	48,411	143,111
Fund balance (deficit) - January 1	1,007,439	1,007,439	1,007,439	-
Fund balance (deficit) - December 31	\$ 1,729,289	\$ 918,860	\$ 1,055,850	\$ 143,111

ROSCOMMON COUNTY
E-911 FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 379,568	\$ 429,598
Taxes receivable	1,313,689	842,789
Interest receivable	-	1,873
Due from other governmental units	44,285	36,510
	<u>44,285</u>	<u>36,510</u>
Total Assets	<u>\$ 1,737,542</u>	<u>\$ 1,310,770</u>
Liabilities		
Accounts payable	\$ 2,671	\$ 29,877
	<u>2,671</u>	<u>29,877</u>
Total Liabilities	<u>2,671</u>	<u>29,877</u>
Deferred Inflows of Resources		
Taxes levied for a subsequent period	1,313,689	842,789
	<u>1,313,689</u>	<u>842,789</u>
Total Deferred Inflows of Resources	<u>1,313,689</u>	<u>842,789</u>
Fund Balances		
Restricted for capital outlay	400,500	406,704
Restricted for training	20,682	31,400
Restricted for E-911 operations	-	-
	<u>-</u>	<u>-</u>
Total Fund Balances	<u>421,182</u>	<u>438,104</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,737,542</u>	<u>\$ 1,310,770</u>

ROSCOMMON COUNTY
E-911 FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Taxes	\$ 842,900	\$ 846,915	\$ 846,933	\$ 18
State	158,000	172,619	180,353	7,734
Local	15,900	6,700	6,626	(74)
Charges for services	100	100	91	(9)
Interest	3,000	8,500	6,957	(1,543)
Other	300	34,000	34,727	727
Total Revenue	1,020,200	1,068,834	1,075,687	6,853
Expenditures:				
Salaries	603,075	594,845	591,363	3,482
Payroll taxes	45,718	45,718	44,653	1,065
Fringes	248,774	224,830	216,348	8,482
Supplies	16,709	7,545	4,714	2,831
Uniforms	1,600	1,200	929	271
Legal and professional	2,000	1,000	750	250
Service charges	49,796	76,384	73,545	2,839
Dues and subscriptions	1,000	1,700	1,623	77
Cost allocation	57,330	57,330	57,330	-
Communications	13,160	13,350	13,269	81
Travel	2,600	4,200	4,121	79
Utilities	8,800	9,250	8,035	1,215
Repair and maintenance	41,600	9,085	7,719	1,366
Training	13,000	18,905	17,966	939
Miscellaneous	1,500	1,500	305	1,195
Capital outlay	44,000	65,100	49,939	15,161
Total Expenditures	1,150,662	1,131,942	1,092,609	39,333
Excess:				
Revenue over (under) expenditures	(130,462)	(63,108)	(16,922)	46,186
Fund balance (deficit) - January 1	438,104	438,104	438,104	-
Fund balance (deficit) - December 31	\$ 307,642	\$ 374,996	\$ 421,182	\$ 46,186

ROSCOMMON COUNTY
SHERIFF ROAD PATROL FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 456,870	\$ 428,326
Taxes receivable	1,970,534	1,917,464
Due from other governmental units	<u>41,922</u>	<u>24,928</u>
Total Assets	<u>\$ 2,469,326</u>	<u>\$ 2,370,718</u>
Liabilities		
Accounts payable	<u>\$ 17,600</u>	<u>\$ 32,919</u>
Total Liabilities	<u>17,600</u>	<u>32,919</u>
Deferred Inflows of Resources		
Taxes levied for a subsequent period	<u>1,970,534</u>	<u>1,917,464</u>
Total Deferred Inflows of Resources	<u>1,970,534</u>	<u>1,917,464</u>
Fund Balances		
Restricted for victim's services	8,625	7,171
Restricted for road patrol	<u>472,567</u>	<u>413,164</u>
Total Fund Balances	<u>481,192</u>	<u>420,335</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,469,326</u>	<u>\$ 2,370,718</u>

ROSCOMMON COUNTY
SHERIFF ROAD PATROL FUND
STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenue:				
Taxes	\$ 1,920,664	\$ 1,927,701	\$ 1,926,952	\$ (749)
Federal	15,000	17,000	12,620	(4,380)
State	53,500	59,862	58,449	(1,413)
Local	59,780	61,000	56,297	(4,703)
Charges for services	69,600	96,900	79,839	(17,061)
Interest	500	2,500	2,222	(278)
Other	13,200	15,567	36,545	20,978
Total Revenue	2,132,244	2,180,530	2,172,924	(7,606)
Expenditures:				
Salaries	1,091,134	1,191,124	1,190,809	315
Payroll taxes	90,328	91,811	91,803	8
Fringes	545,838	588,131	569,848	18,283
Insurance	5,000	-	-	-
Supplies	24,400	23,869	23,804	65
Uniforms	13,500	10,299	11,188	(889)
Gas and oil	70,000	78,558	78,558	-
Service charges	8,000	7,395	7,710	(315)
Telephone	4,500	4,910	4,908	2
Travel	300	308	308	-
Repair and maintenance	16,000	24,094	24,093	1
Training	30,000	36,366	36,366	-
Miscellaneous	12,000	17,160	17,159	1
Capital outlay	130,000	105,514	105,513	1
Total Expenditures	2,041,000	2,179,539	2,162,067	17,472
Excess:				
Revenue over (under) expenditures	91,244	991	10,857	9,866
Other financing sources (uses):				
Operating transfers in	50,000	50,000	50,000	-
Total Other Financing Sources (Uses)	50,000	50,000	50,000	-
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	141,244	50,991	60,857	9,866
Fund balance (deficit) - January 1	420,335	420,335	420,335	-
Fund balance (deficit) - December 31	\$ 561,579	\$ 471,326	\$ 481,192	\$ 9,866

ROSCOMMON COUNTY
HOUSING REHABILITATION FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 125,084	\$ 15,745
Mortgages receivable	<u>1,909,867</u>	<u>2,009,013</u>
Total Assets	<u>\$ 2,034,951</u>	<u>\$ 2,024,758</u>
Deferred Inflows of Resources		
Unavailable revenue - mortgages receivable	<u>\$ 1,909,867</u>	<u>\$ 2,009,013</u>
Total Deferred Inflows of Resources	<u>1,909,867</u>	<u>2,009,013</u>
Fund Balances		
Restricted for housing program	<u>125,084</u>	<u>15,745</u>
Total Fund Balances	<u>125,084</u>	<u>15,745</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ 2,034,951</u>	<u>\$ 2,024,758</u>

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:				
Loan repayments	\$ 45,000	\$ 123,000	\$ 120,681	\$ (2,319)
Total Revenue	<u>45,000</u>	<u>123,000</u>	<u>120,681</u>	<u>(2,319)</u>
Expenditures:				
Service charges	45,000	123,000	9,681	113,319
Total Expenditures	<u>45,000</u>	<u>123,000</u>	<u>9,681</u>	<u>113,319</u>
Excess:				
Revenue over (under) expenditures	<u>-</u>	<u>-</u>	<u>111,000</u>	<u>111,000</u>
Other financing sources (uses):				
Operating transfers out	<u>-</u>	<u>-</u>	<u>(1,661)</u>	<u>(1,661)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(1,661)</u>	<u>(1,661)</u>
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>109,339</u>	<u>109,339</u>
Fund balance (deficit) - January 1	<u>15,745</u>	<u>15,745</u>	<u>15,745</u>	<u>-</u>
Fund balance (deficit) - December 31	<u>\$ 15,745</u>	<u>\$ 15,745</u>	<u>\$ 125,084</u>	<u>\$ 109,339</u>

ROSCOMMON COUNTY
COMMISSION ON AGING
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 138,697	\$ 134,053
Taxes receivable	<u>1,176,357</u>	<u>1,150,958</u>
Total Assets	<u><u>\$ 1,315,054</u></u>	<u><u>\$ 1,285,011</u></u>
Deferred Inflows of Resources		
Taxes levied for a subsequent period	<u>\$ 1,313,689</u>	<u>\$ 1,278,309</u>
Total Deferred Inflows of Resources	<u>1,313,689</u>	<u>1,278,309</u>
Fund Balances		
Restricted for Commission on Aging	<u>1,365</u>	<u>6,702</u>
Total Fund Balances	<u>1,365</u>	<u>6,702</u>
Total Deferred Inflows of Resources and Fund Balances	<u><u>\$ 1,315,054</u></u>	<u><u>\$ 1,285,011</u></u>

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:				
Taxes	<u>\$ 900,000</u>	<u>\$ 1,545,000</u>	<u>\$ 1,288,518</u>	<u>\$ (256,482)</u>
Total Revenue	<u>900,000</u>	<u>1,545,000</u>	<u>1,288,518</u>	<u>(256,482)</u>
Expenditures:				
Service charges	<u>900,000</u>	<u>1,545,000</u>	<u>1,293,855</u>	<u>251,145</u>
Total Expenditures	<u>900,000</u>	<u>1,545,000</u>	<u>1,293,855</u>	<u>251,145</u>
Excess:				
Revenue over (under) expenditures	-	-	(5,337)	(5,337)
Fund balance (deficit) - January 1	<u>6,702</u>	<u>6,702</u>	<u>6,702</u>	<u>-</u>
Fund balance (deficit) - December 31	<u><u>\$ 6,702</u></u>	<u><u>\$ 6,702</u></u>	<u><u>\$ 1,365</u></u>	<u><u>\$ (5,337)</u></u>

ROSCOMMON COUNTY
GYPSY MOTH FUND
COMPARATIVE BALANCE SHEET
DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and investments	\$ 1,075,575	\$ 857,537
Taxes receivable	328,422	319,577
Interest receivable	<u>6,474</u>	<u>4,112</u>
Total Assets	<u><u>\$ 1,410,471</u></u>	<u><u>\$ 1,181,226</u></u>
Liabilities		
Accounts payable	<u>\$ 150</u>	<u>\$ -</u>
Total Liabilities	<u>150</u>	<u>-</u>
Deferred Inflows of Resources		
Taxes levied for a subsequent period	<u>328,422</u>	<u>319,577</u>
Total Deferred Inflows of Resources	<u>328,422</u>	<u>319,577</u>
Fund Balances		
Restricted for Gypsy Moth Extermination	<u>1,081,899</u>	<u>861,649</u>
Total Fund Balances	<u>1,081,899</u>	<u>861,649</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 1,410,471</u></u>	<u><u>\$ 1,181,226</u></u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenue:				
Taxes	\$ 319,798	\$ 319,798	\$ 322,154	\$ 2,356
Interest	<u>4,000</u>	<u>4,000</u>	<u>15,699</u>	<u>11,699</u>
Total Revenue	<u>323,798</u>	<u>323,798</u>	<u>337,853</u>	<u>14,055</u>
Expenditures:				
Salaries	87,433	87,433	51,073	36,360
Payroll taxes	6,689	6,689	4,083	2,606
Fringes	5,697	5,697	1,195	4,502
Supplies	15,000	15,000	1,950	13,050
Cost allocation	20,000	20,000	17,301	2,699
Contracted services	135,600	135,600	35,276	100,324
Telephone	500	500	899	(399)
Travel	10,000	10,000	4,838	5,162
Training	<u>2,500</u>	<u>2,500</u>	<u>988</u>	<u>1,512</u>
Total Expenditures	<u>283,419</u>	<u>283,419</u>	<u>117,603</u>	<u>165,816</u>
Excess:				
Revenue over (under) expenditures	40,379	40,379	220,250	179,871
Fund balance (deficit) - January 1	<u>861,649</u>	<u>861,649</u>	<u>861,649</u>	<u>-</u>
Fund balance (deficit) - December 31	<u><u>\$ 902,028</u></u>	<u><u>\$ 902,028</u></u>	<u><u>\$ 1,081,899</u></u>	<u><u>\$ 179,871</u></u>

OTHER INFORMATION

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF REVENUES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

TAXES:

Current property taxes	\$ 4,749,500	
Personal taxes	2,758	
Swamp tax	356,630	
Trailer tax	1,772	\$ 5,110,660
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LICENSES AND PERMITS:

Marriage licenses	1,105	
Soil erosion permits	22,850	23,955
	<hr/>	

FEDERAL:

Byrne Grant	15,013	
Emergency management	33,145	48,158
	<hr/>	

STATE:

Judges standardization	190,756	
Prosecuting attorney		
cooperative reimbursement	54,801	
Friend of the court incentive	51,228	
Victim's right act	55,604	
Convention facility tax	149,023	
Revenue sharing	518,445	
State-aid caseload assistance	705	
Drunk driving assistance	12,777	
State court funding	153,967	
Local Community Stabilization Share	45,140	
Survey & remonumentation grant	70,775	
Prescription Drug Diversion	1,950	
Marine safety	32,400	
Snowmobile safety	2,978	
ORV grant	3,572	1,344,121
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COUNTY:

Ogemaw County - Central Services		136,024
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ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF REVENUES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

CHARGES FOR SERVICES:

Circuit court costs and fees	59,550	
Probate court costs and fees	30,797	
District court costs and fees	483,952	
Family court costs and fees	13,806	
Jury fees	3,428	
Clerk fees	26,131	
Register of deeds fees	255,753	
Register of deeds transfer tax	197,006	
Prosecuting attorney	29,592	
Treasurer fees	10,053	
Sheriff fees	4,404	
Drug enforcement	34,229	
Marine safety	340	
Jail	403,660	
Equalization	41,726	
Management information system	23	1,594,450

FINES AND FORFEITURES:

21,974

INTEREST EARNED:

20,901

RENTS:

6,635

REIMBURSEMENTS AND REFUNDS:

Cost allocation	116,048	
Sale of plat books	1,976	
Grants and donations	5,967	
Elections	23,378	
Insurance claims and refunds	142,261	
Other	12,130	301,760
Total Revenue		8,608,638

OTHER FINANCING SOURCES:

Operating transfers in:

Housing funds	7,731	
Health rental fund	45,900	
Tax payment funds	372,802	426,433

TOTAL REVENUE AND OTHER FINANCING SOURCES

\$ 9,035,071

ROSCOMMON COUNTY
GENERAL FUND
EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Legislative:				
Board of commissioners	\$ 239,855	\$ 266,004	\$ 265,149	\$ 855
Total Legislative	239,855	266,004	265,149	855
Judicial:				
Circuit court	431,767	429,071	426,553	2,518
Family court	189,983	183,047	187,362	(4,315)
Court administrator	292,168	273,752	268,783	4,969
District court	679,534	627,492	627,499	(7)
Jury commission	3,100	1,094	1,094	-
Probate court	442,517	437,293	436,005	1,288
Total Judicial	2,039,069	1,951,749	1,947,296	4,453
General Government:				
County controller	168,400	171,780	171,780	-
Elections	23,840	36,911	36,911	-
Clerk/Register of deeds	314,324	286,168	286,168	-
Equalization	244,357	246,639	243,666	2,973
Management information system	155,095	173,888	173,801	87
Prosecuting attorney	461,992	477,865	475,475	2,390
Crime victims advocate	65,758	71,548	70,736	812
County survey and remonumentation	48,228	47,174	47,174	-
Treasurer	292,374	302,001	299,521	2,480
Courthouse and grounds	438,382	568,696	568,764	(68)
Mailing department	36,205	33,182	33,182	-
Record copying	5,925	18,931	18,931	-
Drain commissioner	15,395	14,673	14,673	-
Crawford-Roscommon soil conservation	3,000	3,000	3,000	-
Huron pines	100	100	100	-
Soil erosion	12,933	11,575	11,418	157
Total General Government	2,286,308	2,464,131	2,455,300	8,831
Public Safety:				
Sheriff	433,737	418,921	418,117	804
Drug enforcement	132,380	129,259	128,394	865
Marine Safety	70,040	51,817	51,679	138
Snowmobile grant	9,870	4,453	4,453	-
Marine dive team	15,428	14,332	10,672	3,660
ORV grant	15,250	5,031	5,031	-
Courthouse security	43,050	45,646	45,646	-
Jail	1,616,466	1,644,963	1,692,910	(47,947)
Emergency preparedness	48,415	65,543	65,007	536
Total Public Safety	2,384,636	2,379,965	2,421,909	(41,944)

ROSCOMMON COUNTY
GENERAL FUND
EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Public Works:				
Dams	\$ 29,854	\$ 26,659	\$ 26,572	\$ 87
Recycling	15,275	23,000	20,000	3,000
Total Public Works	45,129	49,659	46,572	3,087
Health and welfare:				
Central Michigan District Health	211,743	287,574	287,574	-
Contagious disease	500	500	-	500
Medical examiner	61,597	126,610	126,591	19
Northern Michigan Substance Abuse Services	148,078	74,512	74,512	-
North Central MI Mental Health	68,720	72,567	72,567	-
211 Service	1,245	-	-	-
Social Services	-	13,000	13,000	-
Trio Council on Aging	1,000	154	154	-
Total Health and Welfare	492,883	574,917	574,398	519
Community and Economic Development				
Planning Commission	2,440	1,118	1,118	-
Cooperative Extension	50,100	55,407	55,407	-
Economic development	43,435	38,773	38,222	551
East MI Council of Governments	6,500	6,500	6,500	-
Richfield DDA	1,000	1,000	1,000	-
Housing Administration	69,513	78,131	77,094	1,037
Total Community & Economic Development	172,988	180,929	179,341	1,588
Other:				
MAC and UCOA dues	11,250	-	-	-
Property tax refunds	5,000	1,649	1,649	-
Insurance, bonds, and fringes	249,800	299,865	377,095	(77,230)
Contingencies	50,000	50,000	-	50,000
Total Other	316,050	351,514	378,744	(27,230)
Total Expenditures	7,976,918	8,130,289	8,268,709	(138,420)
Other Financing Uses:				
Operating transfers out:				
Sheriff Road Patrol	-	50,000	50,000	-
Airport Fund	70,980	84,674	84,674	-
Law Library Fund	12,500	19,000	19,000	-
Child Care - Probate	551,369	413,869	413,527	342
Second Chance Academy	-	27,500	27,500	-
Landfill	-	21,000	21,000	-
Friend of the Court Fund	87,000	102,250	102,250	-
Total Other Financing Uses	721,849	718,293	717,951	342
Total Expenditures and Other Financing Uses	\$ 8,698,767	\$ 8,848,582	\$ 8,986,660	\$ (138,078)

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

LEGISLATIVE

BOARD OF COMMISSIONERS

Salaries and per diem	\$ 90,640	
Payroll taxes	6,423	
Fringes	91,844	
Supplies	2,304	
Telephone	1,088	
Travel	1,923	
Printing and publishing	2,221	
Legal & professional services	64,482	
Outside services	223	
Dues and subscriptions	1,447	
Training	2,554	
	<hr/>	\$ 265,149

JUDICIAL

CIRCUIT COURT

Salaries	177,989	
Payroll taxes	9,908	
Fringes	86,380	
Supplies	5,035	
Court recorder expenses	2,036	
Attorney fees	116,357	
Appellate fees	7,772	
Jury and witness fees	12,021	
Outside services	7,587	
Telephone	908	
Travel	425	
Training	135	
	<hr/>	426,553

FAMILY COURT

Salaries	60,595	
Payroll taxes	4,498	
Fringes	41,157	
Supplies	2,048	
Court recorder expenses	475	
Attorney fees	64,946	
Contracted Services	8,396	
Transcripts	510	
Telephone	1,320	
Travel	484	
Dues and subscriptions	927	
Training	1,106	
Capital outlay	900	
	<hr/>	187,362

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

JUDICIAL (CONTINUED)

COURT ADMINISTRATOR

Salaries	111,899	
Payroll taxes	8,603	
Fringes	91,075	
Insurance	6,770	
Supplies	845	
Court recorder	14,539	
Dues and subscriptions	1,308	
Contracted services	27,434	
Telephone	2,301	
Travel	3,335	
Training	674	\$ 268,783

DISTRICT COURT

Salaries	349,238	
Payroll taxes	25,914	
Fringes	157,716	
Supplies	5,413	
Attorney fees	52,451	
Jury and witness fees	1,505	
Dues and subscriptions	602	
Contracted services	27,933	
Telephone	3,528	
Travel	1,223	
Training	1,976	627,499

JURY COMMISSION

Per diem	405	
Supplies	452	
Travel	237	1,094

PROBATE COURT

Salaries	288,709	
Payroll taxes	20,729	
Fringes	88,663	
Supplies	2,907	
Attorney fees	9,351	
Dues and subscriptions	9,691	
Telephone	2,226	
Travel	438	
Contracted services	12,841	
Training	450	436,005

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

GENERAL GOVERNMENT

COUNTY CONTROLLER

Salaries	\$ 123,835	
Payroll taxes	9,188	
Fringes	30,141	
Supplies	2,318	
Contracted services	2,543	
Telephone	725	
Travel	167	
Training	2,863	
	<hr/>	\$ 171,780

ELECTIONS

Per diem	840	
Supplies	34,286	
Travel	478	
Outside services	1,307	
	<hr/>	36,911

COUNTY CLERK/REGISTER OF DEEDS

Salaries	177,137	
Payroll taxes	13,017	
Fringes	86,683	
Supplies	2,610	
Dues and subscriptions	664	
Contracted services	4,302	
Telephone	1,451	
Travel	219	
Training	85	
	<hr/>	286,168

EQUALIZATION

Salaries	139,591	
Payroll taxes	9,622	
Fringes	66,391	
Supplies	2,626	
Dues and subscriptions	375	
Contracted services	18,192	
Telephone	2,189	
Travel	3,185	
Training	1,495	
	<hr/>	243,666

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

GENERAL GOVERNMENT (CONTINUED)

MANAGEMENT INFORMATION SYSTEM

Salaries	\$ 61,631	
Payroll taxes	4,659	
Fringes	29,375	
Supplies	26,012	
Contracted services	40,145	
Telephone	9,332	
Travel	67	
Repairs and maintenance	<u>2,580</u>	\$ 173,801

PROSECUTING ATTORNEY

Salaries	319,454	
Payroll taxes	24,241	
Fringes	110,161	
Supplies	3,006	
Contracted services	13,818	
Dues and subscriptions	1,761	
Telephone	2,058	
Travel	624	
Repairs and maintenance	<u>352</u>	475,475

CRIME VICTIMS ADVOCATE

Salaries	38,985	
Payroll taxes	2,818	
Fringes	27,533	
Supplies	847	
Telephone	363	
Travel	<u>190</u>	70,736

COUNTY SURVEY AND REMONUMENTATION

Salaries	9,184	
Contracted services	<u>37,990</u>	47,174

TREASURER

Salaries	175,872	
Payroll taxes	12,878	
Fringes	109,502	
Telephone	<u>1,269</u>	299,521

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

GENERAL GOVERNMENT (CONTINUED)

COURTHOUSE AND GROUNDS

Salaries	\$ 156,060	
Payroll taxes	11,652	
Fringes	83,279	
Supplies	16,545	
Contracted services	2,040	
Telephone	707	
Utilities	107,431	
Maintenance and repair	<u>191,050</u>	\$ 568,764

MAILING DEPARTMENT

Postage	27,468	
Equipment rental	<u>5,714</u>	33,182

RECORD COPYING

Supplies	15,085	
Equipment rental	<u>3,846</u>	18,931

DRAIN COMMISSIONER

Salaries	6,000	
Payroll taxes	449	
Fringes	6,458	
Supplies	9	
Dues and subscriptions	225	
Telephone	517	
Travel	<u>1,015</u>	14,673

CRAWFORD-ROSCOMMON SOIL CONSERVATION

3,000

HURON PINES

100

SOIL EROSION

Salaries	8,318	
Payroll taxes	630	
Fringes	1,023	
Supplies	97	
Telephone	768	
Repairs and maintenance	<u>582</u>	11,418

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

PUBLIC SAFETY

SHERIFF

Salaries	\$ 267,315	
Payroll taxes	19,935	
Fringes	96,475	
Supplies	1,849	
Uniforms	985	
Gas and oil	3,862	
Dues and subscriptions	3,243	
Contracted services	12,123	
Telephone	7,146	
Repair and maintenance	466	
Training	4,718	
	<hr/>	\$ 418,117

DRUG ENFORCEMENT

Salaries	58,636	
Payroll taxes	4,416	
Fringes	31,113	
Payments to other units of government	34,229	
	<hr/>	128,394

MARINE SAFETY

Salaries	31,420	
Payroll taxes	2,416	
Fringes	700	
Supplies	1,719	
Uniforms	1,307	
Gas and oil	5,676	
Dockage fees	2,295	
Repair and maintenance	1,275	
Training	716	
Capital outlay	4,155	
	<hr/>	51,679

SNOWMOBILE GRANT

Salaries	3,739	
Payroll taxes	286	
Fringes	100	
Supplies	328	
	<hr/>	4,453

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

PUBLIC SAFETY CONTINUED

MARINE DIVE TEAM

Salaries	\$ 4,021	
Payroll taxes	306	
Fringes	134	
Supplies	444	
Contracted services	279	
Utilities	2,026	
Repair and maintenance	318	
Training	2,494	
Capital outlay	650	\$ 10,672

ORV GRANT

Salaries	3,383	
Payroll taxes	260	
Fringes	86	
Supplies	542	
Repair and maintenance	760	5,031

COURTHOUSE SECURITY

Salaries	39,386	
Payroll taxes	3,020	
Fringes	650	
Supplies	1,544	
Uniforms	704	
Contracted services	155	
Telephone	187	45,646

JAIL

Salaries	697,146	
Payroll taxes	53,222	
Fringes	327,574	
Supplies	79,904	
Food	201,428	
Uniforms	6,830	
Health services	129,884	
Contracted services	8,417	
Telephone	1,885	
Travel	440	
Utilities	91,375	
Repair and maintenance	72,726	
Training	8,144	
Capital outlay	13,935	1,692,910

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

PUBLIC SAFETY CONTINUED

EMERGENCY PREPAREDNESS

Salaries	\$ 28,257	
Payroll taxes	2,159	
Fringes	11,058	
Supplies	18,753	
Dues and subscriptions	20	
Telephone	1,436	
Travel	1,823	
Training	<u>1,501</u>	\$ 65,007

PUBLIC WORKS

DAMS 26,572

RECYCLING 20,000

HEALTH AND WELFARE

CENTRAL MICHIGAN DISTRICT HEALTH 287,574

MEDICAL EXAMINER/AUTOPSY 126,591

NORTHERN MICHIGAN SUBSTANCE ABUSE SERVICES 74,512

NORTH CENTRAL MICHIGAN MENTAL HEALTH 72,567

SOCIAL SERVICES 13,000

TRIO COUNCIL ON AGING 154

ROSCOMMON COUNTY
GENERAL FUND
DETAIL ANALYSIS OF EXPENDITURES (CONTINUED)
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018

COMMUNITY AND ECONOMIC DEVELOPMENT

PLANNING COMMISSION

Per Diem	\$ 400		
Supplies	650		
Travel	68		
		\$	1,118

COOPERATIVE EXTENSION

Telephone	907		
Payments to other governments	54,500		
			55,407

ECONOMIC DEVELOPMENT

38,222

EAST MICHIGAN COUNCIL OF GOVERNMENTS

6,500

RICHFIELD DDA

1,000

HOUSING ADMINISTRATION

Salaries	55,817		
Payroll taxes	4,274		
Fringes	15,921		
Supplies	312		
Telephone	544		
Travel	226		
			77,094

OTHER

MAC AND UCOA DUES

PROPERTY TAX REFUNDS

1,649

INSURANCE, BONDS, AND FRINGES

Insurance and bonds	134,479		
Blue cross	381		
Blue cross - retirees	65,938		
Health reimbursement account	136,710		
Health services	797		
Wellness program	1,680		
Retirement	30,000		
Unemployment	7,110		
			377,095

8,268,709

OTHER FINANCING USES

Operating transfers out:

Sheriff Road Patrol	50,000		
Airport Fund	84,674		
Law Library Fund	19,000		
Child Care - Probate	413,527		
Second Chance Academy	27,500		
Landfill	21,000		
Friend of the Court Fund	102,250		
			717,951

Total Expenditures and Operating transfers

\$ 8,986,660

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS						
	Weyerhaeuser Clean Up	Animal Control	Animal Shelter	Friend of the Court	Counseling Services - Court	Health Building Rental	ROD Automation
Assets							
Cash and investments	\$ 305,077	\$ 29,715	\$ 10,498	\$ (64,974)	\$ 41,078	\$ 5,098	\$ 90,341
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	7,687
Interest receivable	-	-	-	-	-	-	-
Due from governmental units	-	-	-	74,930	-	-	-
Total Assets	<u>\$ 305,077</u>	<u>\$ 29,715</u>	<u>\$ 10,498</u>	<u>\$ 9,956</u>	<u>\$ 41,078</u>	<u>\$ 5,098</u>	<u>\$ 98,028</u>
Liabilities							
Accounts payable	\$ -	\$ 2,665	\$ 8,036	\$ 1,626	\$ -	\$ 5,044	\$ -
Due to other governmental units	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>2,665</u>	<u>8,036</u>	<u>1,626</u>	<u>-</u>	<u>5,044</u>	<u>-</u>
Deferred Inflows of Resources							
Taxes levied for a subsequent period	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted For:							
Contamination Cleanup	305,077	-	-	-	-	-	-
Judicial	-	-	-	8,330	-	-	-
Public Safety	-	27,050	2,462	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	41,078	-	-
Community & economic development	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	54	98,028
Total Fund Balances	<u>305,077</u>	<u>27,050</u>	<u>2,462</u>	<u>8,330</u>	<u>41,078</u>	<u>54</u>	<u>98,028</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 305,077</u>	<u>\$ 29,715</u>	<u>\$ 10,498</u>	<u>\$ 9,956</u>	<u>\$ 41,078</u>	<u>\$ 5,098</u>	<u>\$ 98,028</u>

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS						
	Homeland Security Hazmat	Michigan Indigent Defense	Concealed Pistol Licensing	Drug Enforcement	Correction Training	Welfare Fraud	Law Library
Assets							
Cash and investments	\$ 37,635	\$ 203,100	\$ 27,289	\$ 3,030	\$ 28,605	\$ 6,393	\$ 269
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Due from governmental units	-	-	-	-	-	-	-
Total Assets	<u>\$ 37,635</u>	<u>\$ 203,100</u>	<u>\$ 27,289</u>	<u>\$ 3,030</u>	<u>\$ 28,605</u>	<u>\$ 6,393</u>	<u>\$ 269</u>
Liabilities							
Accounts payable	\$ -	\$ 28,842	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>28,842</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Taxes levied for a subsequent period	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted For:							
Contamination Cleanup	-	-	-	-	-	-	-
Judicial	-	174,258	-	-	-	-	269
Public Safety	37,635	-	27,289	3,030	28,605	-	-
Public Works	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	6,393	-
Community & economic development	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Fund Balances	<u>37,635</u>	<u>174,258</u>	<u>27,289</u>	<u>3,030</u>	<u>28,605</u>	<u>6,393</u>	<u>269</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 37,635</u>	<u>\$ 203,100</u>	<u>\$ 27,289</u>	<u>\$ 3,030</u>	<u>\$ 28,605</u>	<u>\$ 6,393</u>	<u>\$ 269</u>

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS						
	EDC Revolving	County Housing Rehab	Housing Administration	Juvenile Justice	Landfill Remediation	Child Care Probate	Soldiers Relief
Assets							
Cash and investments	\$ 26,537	\$ 1	\$ 778	\$ 63,633	\$ 64	\$ 83,008	\$ 1,120
Taxes receivable	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Due from governmental units	-	-	-	27,749	-	83,658	-
Total Assets	<u>\$ 26,537</u>	<u>\$ 1</u>	<u>\$ 778</u>	<u>\$ 91,382</u>	<u>\$ 64</u>	<u>\$ 166,666</u>	<u>\$ 1,120</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 42	\$ 1,650	\$ -	\$ 35,966	\$ -
Due to other governmental units	-	-	-	-	-	7,215	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>42</u>	<u>1,650</u>	<u>-</u>	<u>43,181</u>	<u>-</u>
Deferred Inflows of Resources							
Taxes levied for a subsequent period	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted For:							
Contamination Cleanup	-	-	-	-	64	-	-
Judicial	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health & Welfare	-	-	-	89,732	-	123,485	1,120
Community & economic development	26,537	1	736	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Fund Balances	<u>26,537</u>	<u>1</u>	<u>736</u>	<u>89,732</u>	<u>64</u>	<u>123,485</u>	<u>1,120</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,537</u>	<u>\$ 1</u>	<u>\$ 778</u>	<u>\$ 91,382</u>	<u>\$ 64</u>	<u>\$ 166,666</u>	<u>\$ 1,120</u>

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS				DEBT SERVICE		
	Day Treatment	Group Home Federal Grant	Veterans Affairs	Juvenile Detention	Channel Court	Johnston Haven	Pine Bluffs
Assets							
Cash and investments	\$ 211	\$ 317	\$ 236,206	\$ 29,222	\$ 2,149	\$ 5,042	\$ 5,378
Taxes receivable	-	-	219,386	-	25,124	22,644	17,656
Accounts receivable	-	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-	-
Due from governmental units	-	-	-	16,554	-	-	-
Total Assets	<u>\$ 211</u>	<u>\$ 317</u>	<u>\$ 455,592</u>	<u>\$ 45,776</u>	<u>\$ 27,273</u>	<u>\$ 27,686</u>	<u>\$ 23,034</u>
Liabilities							
Accounts payable	\$ -	\$ -	\$ 5,843	\$ 10,114	\$ -	\$ -	\$ -
Due to other governmental units	-	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,843</u>	<u>10,114</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Taxes levied for a subsequent period	-	-	219,386	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>219,386</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Restricted For:							
Contamination Cleanup	-	-	-	-	-	-	-
Judicial	-	-	-	-	-	-	-
Public Safety	-	-	-	35,662	-	-	-
Public Works	-	-	-	-	27,273	27,686	23,034
Health & Welfare	211	317	230,363	-	-	-	-
Community & economic development	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Total Fund Balances	<u>211</u>	<u>317</u>	<u>230,363</u>	<u>35,662</u>	<u>27,273</u>	<u>27,686</u>	<u>23,034</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 211</u>	<u>\$ 317</u>	<u>\$ 455,592</u>	<u>\$ 45,776</u>	<u>\$ 27,273</u>	<u>\$ 27,686</u>	<u>\$ 23,034</u>

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2018

	<u>DEBT</u>	<u>CAPITAL PROJECTS</u>				
	<u>Richfield Drain #1</u>	<u>Animal Control</u>	<u>Drain Revolving</u>	<u>Channel Court</u>	<u>Johnston Haven</u>	<u>Pine Bluffs</u>
Assets						
Cash and investments	\$ 2,147	\$ 711	\$ 1,659	\$ 2,118	\$ 57	\$ 43,888
Taxes receivable	-	328,422	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest receivable	-	-	-	-	-	-
Due from governmental units	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,147</u>	<u>\$ 329,133</u>	<u>\$ 1,659</u>	<u>\$ 2,118</u>	<u>\$ 57</u>	<u>\$ 43,888</u>
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16
Due to other governmental units	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>
Deferred Inflows of Resources						
Taxes levied for a subsequent period	-	328,422	-	-	-	-
	<u>-</u>	<u>328,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>328,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances						
Restricted For:						
Contamination Cleanup	-	-	-	-	-	-
Judicial	-	-	-	-	-	-
Public Safety	2,147	711	-	-	-	-
Public Works	-	-	1,659	2,118	57	43,872
Health & Welfare	-	-	-	-	-	-
Community & economic development	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>2,147</u>	<u>711</u>	<u>1,659</u>	<u>2,118</u>	<u>57</u>	<u>43,872</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,147</u>	<u>\$ 329,133</u>	<u>\$ 1,659</u>	<u>\$ 2,118</u>	<u>\$ 57</u>	<u>\$ 43,888</u>

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2018

	CAPITAL PROJECTS			
	Richfield Drain #1	Iron-Belle Trail Development	Iron-Belle Trail Study	Total
Assets				
Cash and investments	\$ 6,330	\$ 1,510	\$ 708	\$ 1,235,948
Taxes receivable	-	-	-	613,232
Accounts receivable	-	-	-	7,687
Interest receivable	-	-	-	-
Due from governmental units	-	-	-	202,891
Total Assets	<u>\$ 6,330</u>	<u>\$ 1,510</u>	<u>\$ 708</u>	<u>\$ 2,059,758</u>
Liabilities				
Accounts payable	\$ 6,172	\$ -	\$ -	\$ 106,016
Due to other governmental units	-	-	-	7,215
Total Liabilities	<u>6,172</u>	<u>-</u>	<u>-</u>	<u>113,231</u>
Deferred Inflows of Resources				
Taxes levied for a subsequent period	-	-	-	547,808
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>547,808</u>
Fund Balances				
Restricted For:				
Contamination Cleanup	-	-	-	305,141
Judicial	-	-	-	182,857
Public Safety	-	-	-	164,591
Public Works	158	1,510	708	128,075
Health & Welfare	-	-	-	492,699
Community & economic development	-	-	-	27,274
Capital Projects	-	-	-	98,082
Total Fund Balances	<u>158</u>	<u>1,510</u>	<u>708</u>	<u>1,398,719</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 6,330</u>	<u>\$ 1,510</u>	<u>\$ 708</u>	<u>\$ 2,059,758</u>

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS						
	Weyerhaeuser Clean Up	Animal Control	Animal Shelter	Friend of the Court	Counseling Services - Court	Health Building Rental	ROD Automation
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-
State	-	-	-	267,341	-	-	-
Local	-	-	-	-	-	-	-
Charges for services	-	29,971	55,402	23,953	1,965	-	58,385
Fines and forfeits	-	-	-	-	-	-	-
Rents	-	-	-	-	-	58,501	-
Reimbursements and refunds	-	-	-	-	-	-	-
Interest	-	1,453	-	-	-	-	-
Other	-	2,000	-	-	-	-	-
Total Revenue	-	33,424	55,402	291,294	1,965	58,501	58,385
Expenditures:							
Judicial	-	-	-	386,602	1,481	-	-
General	-	-	-	-	-	-	37,459
Public Safety	-	30,733	486,765	-	-	-	-
Public Works	236	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	32,708	-
Community & economic development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	236	30,733	486,765	386,602	1,481	32,708	37,459
Excess:							
Revenue over (under) expenditures	(236)	2,691	(431,363)	(95,308)	484	25,793	20,926
Other financing sources (uses):							
Operating transfers in	-	-	417,106	102,250	-	-	-
Operating transfers out	-	(59,000)	-	-	-	(45,900)	-
Total Other Financing Sources (Uses)	-	(59,000)	417,106	102,250	-	(45,900)	-
Excess:							
Revenue and other financing sources over (under) expenditures and other financing uses	(236)	(56,309)	(14,257)	6,942	484	(20,107)	20,926
Fund balance (deficit) - January 1	305,313	83,359	16,719	1,388	40,594	20,161	77,102
Fund balance (deficit) - December 31	\$ 305,077	\$ 27,050	\$ 2,462	\$ 8,330	\$ 41,078	\$ 54	\$ 98,028

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS						
	Homeland Security Hazmat	Michigan Indigent Defense	Concealed Pistol Licensing	Drug Enforcement	Correction Training	Welfare Fraud	Law Library
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-
State	-	229,813	-	-	10,242	-	-
Local	338	-	-	-	-	-	-
Charges for services	-	-	14,884	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	2,500
Rents	-	-	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue	338	229,813	14,884	-	10,242	-	2,500
Expenditures:							
Judicial	-	55,555	-	-	-	-	21,231
General	-	-	-	-	-	-	-
Public Safety	5,074	-	6,502	-	17,413	-	-
Public Works	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-
Community & economic development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	5,074	55,555	6,502	-	17,413	-	21,231
Excess:							
Revenue over (under) expenditures	(4,736)	174,258	8,382	-	(7,171)	-	(18,731)
Other financing sources (uses):							
Operating transfers in	-	-	-	-	-	-	19,000
Operating transfers out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	19,000
Excess:							
Revenue and other financing sources over (under) expenditures and other financing uses	(4,736)	174,258	8,382	-	(7,171)	-	269
Fund balance (deficit) - January 1	42,371	-	18,907	3,030	35,776	6,393	-
Fund balance (deficit) - December 31	\$ 37,635	\$ 174,258	\$ 27,289	\$ 3,030	\$ 28,605	\$ 6,393	\$ 269

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS						
	EDC Revolving	County Housing Rehab	Housing Administration	Juvenile Justice	Landfill Remediation	Child Care Probate	Soldiers Relief
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal	-	12,261	-	-	-	-	-
State	-	-	-	115,089	-	434,659	-
Local	-	-	-	-	-	-	-
Charges for services	-	-	2,050	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-	26,940	-
Interest	-	-	-	-	-	-	-
Other	1,639	-	-	-	-	-	-
Total Revenue	1,639	12,261	2,050	115,089	-	461,599	-
Expenditures:							
Judicial	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health & Welfare	-	-	-	29,564	-	740,031	-
Community & economic development	141	6,191	1,736	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total Expenditures	141	6,191	1,736	29,564	-	740,031	-
Excess:							
Revenue over (under) expenditures	1,498	6,070	314	85,525	-	(278,432)	-
Other financing sources (uses):							
Operating transfers in	-	-	-	-	-	413,527	-
Operating transfers out	-	(6,070)	-	-	-	(45,000)	-
Total Other Financing Sources (Uses)	-	(6,070)	-	-	-	368,527	-
Excess:							
Revenue and other financing sources over (under) expenditures and other financing uses	1,498	-	314	85,525	-	90,095	-
Fund balance (deficit) - January 1	25,039	1	422	4,207	64	33,390	1,120
Fund balance (deficit) - December 31	\$ 26,537	\$ 1	\$ 736	\$ 89,732	\$ 64	\$ 123,485	\$ 1,120

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS	
	Veterans Trust	Day Treatment	Group Home Federal Grant	Veterans Affairs	Juvenile Detention	Channel Court	Johnston Haven
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ 214,262	\$ -	\$ 33,013	\$ 24,662
Federal	-	-	-	-	-	-	-
State	-	7,189	-	1,373	13,034	-	-
Local	-	40,876	-	-	416,844	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-
Reimbursements and refunds	-	2,655	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	980	-	-	-
Total Revenue	-	50,720	-	216,615	429,878	33,013	24,662
Expenditures:							
Judicial	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Health & Welfare	4,852	147,721	-	208,958	485,716	-	-
Community & economic development	-	-	-	-	-	-	-
Debt Service:							
Principal	-	-	-	-	-	44,923	23,650
Interest	-	-	-	-	-	3,007	785
Total Expenditures	4,852	147,721	-	208,958	485,716	47,930	24,435
Excess:							
Revenue over (under) expenditures	(4,852)	(97,001)	-	7,657	(55,838)	(14,917)	227
Other financing sources (uses):							
Operating transfers in	-	72,500	-	-	-	-	-
Operating transfers out	-	-	-	-	(14,157)	-	-
Total Other Financing Sources (Uses)	-	72,500	-	-	(14,157)	-	-
Excess:							
Revenue and other financing sources over (under) expenditures and other financing uses	(4,852)	(24,501)	-	7,657	(69,995)	(14,917)	227
Fund balance (deficit) - January 1	4,852	24,712	317	222,706	105,657	42,190	27,459
Fund balance (deficit) - December 31	\$ -	\$ 211	\$ 317	\$ 230,363	\$ 35,662	\$ 27,273	\$ 27,686

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	DEBT SERVICE		CAPITAL PROJECTS FUNDS				
	Pine Bluffs	Richfield Drain #1	Animal Control	Drain Revolving	Channel Court	Johnston Haven	Pine Bluffs
Revenue:							
Taxes	\$ 37,105	\$ 2,147	\$ 322,205	\$ -	\$ -	\$ -	\$ -
Federal	-	-	-	-	-	-	-
State	-	-	-	-	-	-	-
Local	-	-	-	350	-	-	320
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Rents	-	-	-	-	-	-	-
Reimbursements and refunds	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total Revenue	37,105	2,147	322,205	350	-	-	320
Expenditures:							
Judicial	-	-	-	-	-	-	-
General	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	1,814	-	25	17,568
Health & Welfare	-	-	-	-	-	-	-
Community & economic development	-	-	-	-	-	-	-
Debt Service:							
Principal	35,730	-	-	-	-	-	-
Interest	4,866	-	-	-	-	-	-
Total Expenditures	40,596	-	-	1,814	-	25	17,568
Excess:							
Revenue over (under) expenditures	(3,491)	2,147	322,205	(1,464)	-	(25)	(17,248)
Other financing sources (uses):							
Operating transfers in	2,108	-	-	23,123	-	-	-
Operating transfers out	-	-	(358,106)	(20,000)	-	-	(39,631)
Total Other Financing Sources (Uses)	2,108	-	(358,106)	3,123	-	-	(39,631)
Excess:							
Revenue and other financing sources over (under) expenditures and other financing uses	(1,383)	2,147	(35,901)	1,659	-	(25)	(56,879)
Fund balance (deficit) - January 1	24,417	-	36,612	-	2,118	82	100,751
Fund balance (deficit) - December 31	\$ 23,034	\$ 2,147	\$ 711	\$ 1,659	\$ 2,118	\$ 57	\$ 43,872

ROSCOMMON COUNTY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
YEAR ENDED DECEMBER 31, 2018

	CAPITAL PROJECT FUNDS			
	Richfield Drain #1	Iron-Belle Trail Development	Iron-Belle Trail Study	Totals
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ 633,394
Federal	-	-	-	12,261
State	-	26,289	-	1,105,029
Local	-	-	-	458,728
Charges for services	-	-	-	186,610
Fines and forfeits	-	-	-	2,500
Rents	-	-	-	58,501
Reimbursements and refunds	-	-	-	29,595
Interest	-	-	-	1,453
Other	-	-	-	4,619
Total Revenue	-	26,289	-	2,492,690
Expenditures:				
Judicial	-	-	-	464,869
General	-	-	-	37,459
Public Safety	-	-	-	546,487
Public Works	95,527	22,374	2,150	139,694
Health & Welfare	-	-	-	1,649,550
Community & economic development	-	-	-	8,068
Debt Service:				
Principal	-	-	-	104,303
Interest	-	-	-	8,658
Total Expenditures	95,527	22,374	2,150	2,959,088
Excess:				
Revenue over (under) expenditures	(95,527)	3,915	(2,150)	(466,398)
Other financing sources (uses):				
Operating transfers in	20,000	1,161	3,566	1,074,341
Operating transfers out	-	(3,566)	(1,161)	(592,591)
Total Other Financing Sources (Uses)	20,000	(2,405)	2,405	481,750
Excess:				
Revenue and other financing sources over (under) expenditures and other financing uses	(75,527)	1,510	255	15,352
Fund balance (deficit) - January 1	75,685	-	453	1,383,367
Fund balance (deficit) - December 31	\$ 158	\$ 1,510	\$ 708	\$ 1,398,719

ROSCOMMON COUNTY
COMBINING STATEMENT OF NET POSITION - ALL FIDUCIARY FUNDS
DECEMBER 31, 2018

	Agency Funds			
	General	Library	Landfill Perpetual Care	Total
ASSETS				
Cash and investments	\$ 1,741,709	\$ 140,074	\$ 10,486	\$ 1,892,269
Total Assets	<u>\$ 1,741,709</u>	<u>\$ 140,074</u>	<u>\$ 10,486</u>	<u>\$ 1,892,269</u>
LIABILITIES				
Due to governmental units	\$ 151,978	\$ -0-	\$ -0-	\$ 151,978
Undistributed collections	1,309,729	140,074	10,486	1,460,289
Other current liabilities	<u>280,002</u>	<u>-0-</u>	<u>-0-</u>	<u>280,002</u>
Total Liabilities	<u>\$ 1,741,709</u>	<u>\$ 140,074</u>	<u>\$ 10,486</u>	<u>\$ 1,892,269</u>

ROSCOMMON COUNTY
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
DECEMBER 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>TRUST AND AGENCY</u>				
ASSETS				
Cash and investments	\$ 1,538,706	\$20,830,886	\$20,627,883	\$ 1,741,709
Total Assets	<u>\$ 1,538,706</u>	<u>\$20,830,886</u>	<u>\$20,627,883</u>	<u>\$ 1,741,709</u>
LIABILITIES				
Due to governmental units	\$ 126,909	\$ 1,741,821	\$ 1,716,752	\$ 151,978
Undistributed collections	1,181,033	8,888,886	8,760,190	1,309,729
Other current liabilities	<u>230,764</u>	<u>10,200,179</u>	<u>10,150,941</u>	<u>280,002</u>
Total Liabilities	<u>\$ 1,538,706</u>	<u>\$20,830,886</u>	<u>\$20,627,883</u>	<u>\$ 1,741,709</u>
<u>LIBRARY</u>				
ASSETS				
Cash and investments	\$ 132,258	\$ 204,326	\$ 196,510	\$ 140,074
Total Assets	<u>\$ 132,258</u>	<u>\$ 204,326</u>	<u>\$ 196,510</u>	<u>\$ 140,074</u>
LIABILITIES				
Undistributed collections	\$ 132,258	\$ 204,326	\$ 196,510	\$ 140,074
Total Liabilities	<u>\$ 132,258</u>	<u>\$ 204,326</u>	<u>\$ 196,510</u>	<u>\$ 140,074</u>
<u>LANDFILL PERPETUAL CARE</u>				
ASSETS				
Cash and investments	\$ 10,484	\$ 2	\$ -0-	\$ 10,486
Total Assets	<u>\$ 10,484</u>	<u>\$ 2</u>	<u>\$ -0-</u>	<u>\$ 10,486</u>
LIABILITIES				
Undistributed collections	\$ 10,484	\$ 2	\$ -0-	\$ 10,486
Total Liabilities	<u>\$ 10,484</u>	<u>\$ 2</u>	<u>\$ -0-</u>	<u>\$ 10,486</u>

ROSCOMMON COUNTY
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 ALL AGENCY FUNDS
 DECEMBER 31, 2018

	Balance January 1, 2018	Additions	Deductions	Balance December 31, 2018
<u>AGENCY FUND TOTALS</u>				
ASSETS				
Cash and investments	\$ 1,681,448	\$21,035,214	\$20,824,393	\$ 1,892,269
Total Assets	<u>\$ 1,681,448</u>	<u>\$21,035,214</u>	<u>\$20,824,393</u>	<u>\$ 1,892,269</u>
LIABILITIES				
Due to governmental units	\$ 126,909	\$ 1,741,821	\$ 1,716,752	\$ 151,978
Undistributed collections	1,323,775	9,093,214	8,956,700	1,460,289
Other current liabilities	<u>230,764</u>	<u>10,200,179</u>	<u>10,150,941</u>	<u>280,002</u>
Total Liabilities	<u>\$ 1,681,448</u>	<u>\$21,035,214</u>	<u>\$20,824,393</u>	<u>\$ 1,892,269</u>

REPORT ON COMPLIANCE



James M. Anderson, P.C.

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

June 19, 2019

Board of Commissioners
Roscommon County
Roscommon, MI 48653

Dear Board:

I have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Roscommon County, Michigan, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County of Roscommon, Michigan's basic financial statements and have issued my report thereon date June 19, 2019.

Internal Control Over Financial Reporting

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

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal controls described in the accompanying Schedule of Findings and Responses that I consider to be a significant deficiency listed as 2018-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Roscommon County, Michigan's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County of Roscommon, Michigan's Response to Findings

The County of Roscommon, Michigan's response to the findings identified in my audit are described in the accompanying Schedule of Findings and Responses. The County of Roscommon, Michigan's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results 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.



JAMES M. ANDERSON, P.C.
CERTIFIED PUBLIC ACCOUNTANT

COUNTY OF ROSCOMMON
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018
SCHEDULE OF FINDINGS AND RESPONSES

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 County's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or 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.

SIGNIFICANT DEFICIENCY

Preparation of Financial Statements in Accordance
with GAAP - Repeat Comment

Finding 2018-01

Condition: The County has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements, fund financial statements, and notes to financial statements as part of its external financial reporting process. Accordingly, the County's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered to be a part of the County's internal controls.

Cause: This condition was caused by the County's decision that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for County personnel to prepare them internally.

Effect: The County lacks internal controls over the preparation of financial statements in accordance with GAAP, and instead relies, in part, on its external auditors for assistance with this duty.

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles (GAAP). This is a responsibility of the County's management. The preparation of financial statements in accordance with GAAP requires internal controls over both: 1) recording, processing and summarizing accounting data (maintaining internal accounting books and records); and 2) reporting government-wide and fund financial statements, including the related notes to financial statements (external financial reporting).

Recommendation: We recommend that the County Board evaluate the cost versus benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and determine if it is in the best interest of the County to outsource this duty to its external auditors. If the County continues to rely on its external auditors to prepare the financial statements, we recommend the board designate a responsible County official to carefully review the draft financial statements including the notes, prior to approving them and accepting responsibility for their content and presentation.

Management'S Response: The County has chosen their independent auditor to prepare these financial statements and required footnote disclosures on their behalf. The board will designate a responsible County official to carefully review the draft financial statements including the notes, prior to approving them, and accepting responsibility for their content and presentation.