

**Ionia County, Michigan**  
**FINANCIAL STATEMENTS**  
**December 31, 2014**

Ionia County, Michigan

December 31, 2014

BOARD OF COMMISSIONERS

Julie Calley	Chairperson
Scott Wirtz	Commissioner
Jack Shattuck	Commissioner
Lynn Mason	Commissioner
James L. Banks	Commissioner
Larry Tiejema	Commissioner
Brenda Cowling-Cronk	Commissioner

ADMINISTRATION AND OTHER ELECTED OFFICIALS

Stephanie Fox	Administrator
Judith Clark	Treasurer
Tonda Rich	Clerk
Diane Adams	Register of Deeds
John Bush	Drain Commissioner
Ronald J. Schafer	Prosecuting Attorney
Dale Miller	Sheriff

Ionia County, Michigan

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
of Ionia County  
Ionia, Michigan

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ionia County, Michigan (the County), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Ionia County Road Commission which represents 84 percent, 87 percent, and 91 percent, respectively, of the assets, net position, and revenue of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Ionia County Road Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ionia County, Michigan, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows, thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

## **Change in Accounting Principles**

As described in Note Q, during the year the County implemented GASB Statement No. 67, *Financial Reporting for Pension Plans*. As a result, the pension trust fund now includes substantially different note disclosures and required supplementary information. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension system schedules, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial statements 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 our 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*, we have also issued our report dated May 29, 2015, on our consideration of the Ionia County, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Ionia County's internal control over financial reporting and compliance.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 29, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Ionia, we offer this narrative overview and analysis of the financial activities of the County of Ionia for the fiscal year ended December 31, 2014. The purpose of this overview and discussion is to provide a narrative insight into the financial structure and position of the County of Ionia. This Discussion and Analysis should be read in conjunction with the financial statements contained herein.

### Financial Highlights

- \* Net Position of the County of Ionia increased by .64 percent during 2014.
- \* The ratio of Current Assets to Current Liabilities is over 12 to 1.
- \* The current debt load for Ionia County is approximately less than one percent of that which is allowable by state law. There is significant capacity for Ionia County to incur additional debt.

### USING THIS REPORT

As stated above, this discussion and analysis is intended to serve as an introduction to the County of Ionia basic financial statements. The basic financial statements have three components: *Government-Wide Financial Statements*; *Fund Financial Statements*; and *Notes to Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements.

### Government-Wide Financial Statements

*Government-Wide Financial Statements* are intended to report information about the County as a whole using accounting methods similar to those used in the private sector. The *Government-Wide Financial Statements* are used to provide a long-term view of the financial stability of the County and are divided into the *Statement of Net Position* and the *Statement of Activities*.

The *Statement of Net Position* includes all of the County of Ionia's Assets and Liabilities. The difference between Assets and Liabilities is reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of the financial position of the County of Ionia.

The *Statement of Activities* provides summary information regarding the revenue and expenses relating to specific programs within the County of Ionia.

Both of the *Government-Wide Financial Statements* distinguish functions of Ionia County that are principally supported by taxes and intergovernmental revenues (*Governmental-Type Activities*) or from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-Type Activities*). The Governmental-Type Activities for Ionia County are combined into program areas such as General Government, Public Safety, Public Works, Health & Welfare, Community & Economic Development, Recreation & Cultural, and Other Activities. The Business-Type Activities include the Delinquent Tax Revolving Fund and the Airport Fund, both of which are Enterprise Funds.

The *Government-Wide Financial Statements* include the activities for the County of Ionia and three legally separate entities for which the County of Ionia is financially accountable: the Ionia County Road Commission, County Drainage Districts, and the Brownfield Redevelopment Authority. These activities are known as *Component Units*, because they are reported in the County of Ionia financial statements, but are not combined with total figures for County finances.

### Fund Financial Statements

A *Fund* is used to group related accounts to maintain control over resources that have been segregated for specific activities or objectives. Ionia County, as with other state and local units of government, uses fund accounting to control and manage resources for particular purposes and to ensure compliance with finance-related legal requirements. All of the Funds of Ionia County can be grouped into three categories: *Governmental Funds*, *Proprietary Funds*, and *Fiduciary Funds*.

**Governmental Funds:** *Governmental Funds* are used to account for a majority of the basic services provided by the County, essentially those same functions reported as Governmental Activities under the Government-Wide Financial Statements. The Governmental Fund Financial Statements, however, focus on the short-term financial position, such as how cash and assets can be converted into cash flow and what balances remain at the end of a fiscal year for spending.

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. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

The County of Ionia maintains several individual *Governmental Funds*. The General Fund is the primary fund used to account for main activities of the County of Ionia. Of special note is that activities for the operation of Friend of the Court, Public Health, Resource Recovery, Building Inspector, Central Dispatch, Commission on Aging, and Courts Security are contained within the Other Governmental Funds.

The County of Ionia adopts an annual budget for its General Fund, Special Revenue Funds, and the Airport Fund. Budgetary comparison statements have been provided for the General Fund, Friend of the Court, Public Health Fund, and Commission on Aging Fund to demonstrate compliance with this budget.

**Proprietary Funds:** The County of Ionia maintains 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 of Ionia uses enterprise funds to account for its Delinquent Tax Revolving and Airport activities. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions.

**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 of Ionia'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.

## GOVERNMENT-WIDE FINANCIAL INFORMATION AND ANALYSIS

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. During the current period, the County of Ionia experienced a .64 percent increase in Net Position for a total of \$20.12 million.

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2013	2014	2013	2014	2013	2014	
<b>Assets</b>							
<i>Current Assets</i>							
Cash	\$ 6,787,287	\$ 7,022,499	\$ 3,968,458	\$ 4,430,989	\$ 10,755,745	\$ 11,453,488	6.49%
Investments	342,292	342,501	-	-	342,292	342,501	0.06%
Other assets	2,253,945	2,340,107	1,834,084	1,609,291	4,088,029	3,949,398	-3.39%
<i>Non-Current Assets</i>							
Capital assets	5,645,952	5,380,131	858,530	780,710	6,504,482	6,160,841	-5.28%
Investments	1,094,645	1,098,925	-	-	1,094,645	1,098,925	0.39%
Other assets	18,250	18,250	(18,250)	(18,250)	-	-	100.00%
<b>Total Assets</b>	<b>\$ 16,142,371</b>	<b>\$ 16,202,413</b>	<b>\$ 6,642,822</b>	<b>\$ 6,802,740</b>	<b>\$ 22,785,193</b>	<b>\$ 23,005,153</b>	<b>0.97%</b>

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2013	2014	2013	2014	2013	2014	
<b>Liabilities</b>							
<i>Current Liabilities</i>	\$ 1,341,909	\$ 1,262,177	\$ 9,753	\$ 6,831	\$ 1,351,662	\$ 1,269,008	-6.11%
<i>Non-Current Liabilities</i>							
Bonds & Notes Payable	250,000	200,000	-	-	250,000	200,000	-20.00%
Other Liabilities	654,540	689,297	-	-	654,540	689,297	5.31%
<b>Total Liabilities</b>	\$ 2,246,449	\$ 2,151,474	\$ 9,753	\$ 6,831	\$ 2,256,202	\$ 2,158,305	-4.34%
<b>Deferred Inflows of Resources</b>	540,445	730,044	-	-	540,445	730,044	100.00%
<b>Net Position</b>							
Net investment in capital assets	5,345,952	5,130,131	858,530	780,710	6,204,482	5,910,841	-4.73%
Restricted	2,392,816	2,725,538	-	-	2,392,816	2,725,538	13.91%
Unrestricted	5,616,709	5,465,226	5,774,539	6,015,199	11,391,248	11,480,425	0.78%
<b>Total Net Position</b>	\$ 13,355,477	\$ 13,320,895	\$ 6,633,069	\$ 6,795,909	\$ 19,988,546	\$ 20,116,804	0.64%

A further breakdown of the County of Ionia's \$20.12 million in Net Position, and the change in Net Position during 2014, is shown in the following table.

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2013	2014	2013	2014	2013	2014	
<b>Revenue:</b>							
Program Revenue							
Charges for Services	\$ 4,468,630	\$ 4,214,710	\$ 959,084	\$ 878,345	\$ 5,427,714	\$ 5,093,055	-6.17%
Operating Grants & Contributions	5,007,395	5,313,499	-	-	5,007,395	5,313,499	6.11%
Capital Grants & Contributions	148,926	-	258,840	27,540	407,766	27,540	-93.25%
General Revenue							
Property Taxes	7,213,106	7,332,113	-	-	7,213,106	7,332,113	1.65%
Other	2,159,501	2,128,669	1,850	2,267	2,161,351	2,130,936	-1.41%
<b>Total Revenue</b>	<b>\$ 18,997,558</b>	<b>\$ 18,988,991</b>	<b>\$ 1,219,774</b>	<b>\$ 908,152</b>	<b>\$ 20,217,332</b>	<b>\$ 19,897,143</b>	<b>-1.58%</b>
<b>Expenses:</b>							
General Government	\$ 7,554,157	\$ 7,516,172			\$ 7,554,157	\$ 7,516,172	-0.50%
Public Safety	6,492,194	6,742,998			6,492,194	6,742,998	3.86%
Public Works	423,915	384,429			423,915	384,429	-9.31%
Health & Welfare	4,811,169	4,294,584			4,811,169	4,294,584	-10.74%
Other	502,416	389,848			502,416	389,848	-22.41%
Interest on Long-Term Debt	16,865	12,992			16,865	12,992	-22.96%
Delinquent Tax Revolving			6,761	5,075	6,761	5,075	-24.94%
Tax Foreclosures			262,025	246,369	262,025	246,369	-5.98%
Airport			194,550	176,418	194,550	176,418	-9.32%
<b>Total Expenses</b>	<b>\$ 19,800,716</b>	<b>\$ 19,341,023</b>	<b>\$ 463,336</b>	<b>\$ 427,862</b>	<b>\$ 20,264,052</b>	<b>\$ 19,768,885</b>	<b>-2.44%</b>
Increase (Decrease) before Transfers	\$ (803,158)	\$ (352,032)	\$ 756,438	\$ 480,290	\$ (46,720)	\$ 128,258	-374.52%
Transfers	375,428	317,450	(375,428)	(317,450)	-	-	0.00%
<b>Increase (Decrease) of Net Assets</b>	<b>\$ (427,730)</b>	<b>\$ (34,582)</b>	<b>\$ 381,010</b>	<b>\$ 162,840</b>	<b>\$ (46,720)</b>	<b>\$ 128,258</b>	<b>-374.52%</b>
Net Assets, January 1	\$ 13,672,792	\$ 13,355,477	\$ 6,252,059	\$ 6,633,069	\$ 19,924,851	\$ 19,988,546	0.32%
Prior Period Adjustments	110,415	-	-	-	110,415	-	0%
<b>Net Assets, December 31</b>	<b>\$ 13,355,477</b>	<b>\$ 13,320,895</b>	<b>\$ 6,633,069</b>	<b>\$ 6,795,909</b>	<b>\$ 19,988,546</b>	<b>\$ 20,116,804</b>	<b>0.64%</b>

This table perhaps more appropriately illustrates the increase in revenue with additional detail.

#### ANALYSIS OF INDIVIDUAL FUNDS

The County of Ionia uses fund accounting in order to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** Most governmental activities are accounted for in the General Fund, although some governmental activities, particularly those with a dedicated source of revenue, are accounted for in Special Revenue Funds.

The focus of these Governmental Funds is to provide information on near-term inflows, outflows, and balances of available resources.

The chief operating fund of the County of Ionia, the General Fund, finished with a balance of \$5.74 million. Of this, \$2.86 million is considered committed, which means it is available for spending at the government's discretion. A common financial management practice is to assign a portion of fund balance toward maintaining current services during unexpected, catastrophic events. A common suggested benchmark is 15 to 20 percent of expenditures (including transfers to other funds), or about two months of services. At \$2.29 million, the Unassigned Fund Balance in the General Fund represents a 40 percent of the total Fund Balance.

The County of Ionia continues to be committed to remaining financially strong.

**Proprietary Funds:** The County of Ionia's proprietary funds provide the same type of information found in the *Government-Wide Financial Statements*, but in more detail.

The Delinquent Tax Revolving Fund is used for the administration of delinquent tax payments to local units of government, and the collection of payments and penalties from delinquent taxpayers. The County of Ionia uses interest earned from the Delinquent Tax Revolving Fund to finance various capital and other projects. Interest is earned on the fund through investments, but also from penalties assessed to delinquent taxpayers.

The Tax Foreclosure Fund is used to track foreclosure activity in the County.

#### BUDGET VARIANCE ANALYSIS

Significant budget variances in the General Fund include:

Licenses and permits - Decreased by approximately \$60,000 due to a reduction in the expected dog license revenue.

Intergovernmental revenue - Increased approximately \$50,000, primarily due to the County anticipating additional revenue related to their remonumentation program.

Charges for services - Decreased approximately \$73,000 primarily due to a decrease in anticipated District Court revenue because of the temporary elimination of court costs by the MI Supreme Court.

Interest and rents - Decreased approximately \$84,000 because the Health Department is no longer paying rent to the County.

Other reimbursements - Increase of approximately \$70,000 for reimbursement received from our liability insurance for distribution of excess of net assets.

General government - Increase of approximately \$117,000 due to several reasons. Circuit court increased \$33,000 because of increased juror expenses. In addition, data processing increased \$40,000 because of additional software support & an adjustment to the GIS budget, courthouse and grounds increased \$26,000 to account for a pension payout & additional building maintenance, and remonumentation increased \$20,000 because of increased service.

Health plan - Decrease of approximately \$75,700 due to the plan being phased out.

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

The County of Ionia's investment in Fixed (Capital) Assets was as follows:

	Governmental Activities		Business-Type Activities		Total		Percent Change
	2013	2014	2013	2014	2013	2014	
<b>Non-Depreciated Assets</b>							
Land	\$ 320,108	\$ 320,108	\$ 210,060	\$ 210,060	\$ 530,168	\$ 530,168	0.00%
<b>Depreciated Assets</b>							
Buildings & Improvements	8,895,714	8,895,714	2,344,557	2,372,097	11,240,271	11,267,811	0.25%
Equipment & Furniture	1,510,576	1,523,314	5,556	5,556	1,516,132	1,528,870	0.84%
Vehicles	1,050,865	1,107,328	-	-	1,050,865	1,107,328	5.37%
<b>Less: Accumulated Depreciation</b>	<b>6,131,311</b>	<b>6,466,333</b>	<b>1,701,643</b>	<b>1,807,003</b>	<b>7,832,954</b>	<b>8,273,336</b>	<b>5.62%</b>
<b>Net Capital Assets</b>	<b>\$ 5,645,952</b>	<b>\$ 5,380,131</b>	<b>\$ 858,530</b>	<b>\$ 780,710</b>	<b>\$ 6,504,482</b>	<b>\$ 6,160,841</b>	<b>-5.28%</b>

The County of Ionia had approximately \$250,000 in outstanding debt at the end of 2014, a decrease of \$50,000 over the prior year. State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation (i.e., State Equalized Value). This would allow the County of Ionia to issue debt in the amount of approximately \$200 million. ***Ionia County's current debt load is approximately less than one percent of the allowable limit imposed by state law.***

The County of Ionia has been able to leverage its tax base and bond rating to the benefit of its local units of government, particularly the Ionia Area Sewage Disposal System, the City of Ionia, and the Ionia County Road Commission.

The County of Ionia's only outstanding obligation is the \$400,000 Installment Loan for the construction of the new animal shelter.

	<b>Gross Debt Outstanding</b>
<b>Governmental Activities</b>	
2010 Installment Loan	\$ 250,000
<b>Component Units</b>	
Road Commission Installment Loans	272,803
Various Drainage District Bonds	1,831,596
<b>Total Outstanding Debt</b>	<b>\$ 2,354,399</b>

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Ionia County continues to remain financially strong. In 2015, Ionia County paid off the installment loan for the Animal Shelter building and are exploring a new building for our Friend of the Court, Juvenile Court and other administrative offices.

#### REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Any questions about this report, or requests for additional financial information, may be directed to:

Ionia County Administration  
Finance Department  
100 West Main Street  
Ionia, MI 48846

## **BASIC FINANCIAL STATEMENTS**

Ionía County, Michigan

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 7,022,499	\$ 4,430,989	\$ 11,453,488	\$ 1,935,375
Investments	342,501	-	342,501	-
Receivables	1,740,529	1,609,291	3,349,820	1,195,492
Due from other governmental units	589,076	-	589,076	1,246,299
Prepaid expenses	6,573	-	6,573	125,098
Inventories	3,929	-	3,929	590,266
Total current assets	9,705,107	6,040,280	15,745,387	5,092,530
Noncurrent assets				
Investments	1,098,925	-	1,098,925	-
Interfund activity	18,250	(18,250)	-0-	-
Net pension asset	-	-	-0-	1,015,120
Capital assets not being depreciated	320,108	210,060	530,168	15,762,679
Capital assets, net of accumulated depreciation	5,060,023	570,650	5,630,673	38,212,683
Total noncurrent assets	6,497,306	762,460	7,259,766	54,990,482
TOTAL ASSETS	16,202,413	6,802,740	23,005,153	60,083,012
LIABILITIES				
Current liabilities				
Accounts payable	481,245	6,132	487,377	129,175
Accrued liabilities	379,294	699	379,993	67,044
Due to other governmental units	-	-	-0-	92,539
Accrued interest payable	4,792	-	4,792	21,665
Unearned revenue	14,976	-	14,976	8,769
Advances	-	-	-0-	204,183
Current portion of compensated absences	331,870	-	331,870	-
Current portion of long-term debt	50,000	-	50,000	555,361
Total current liabilities	1,262,177	6,831	1,269,008	1,078,736
Noncurrent liabilities				
Net OPEB obligation	357,428	-	357,428	997,022
Noncurrent portion of compensated absences	331,869	-	331,869	166,179
Noncurrent portion of long-term debt	200,000	-	200,000	1,559,038
Total noncurrent liabilities	889,297	-0-	889,297	2,722,239
TOTAL LIABILITIES	2,151,474	6,831	2,158,305	3,800,975
DEFERRED INFLOWS OF RESOURCES				
Taxes levied for a subsequent period	730,044	-	730,044	-
NET POSITION				
Net investment in capital assets	5,130,131	780,710	5,910,841	51,870,963
Restricted				
Nonexpendable	291,738	-	291,738	-
Expendable	2,433,800	-	2,433,800	1,115,482
Unrestricted	5,465,226	6,015,199	11,480,425	3,295,592
TOTAL NET POSITION	\$ 13,320,895	\$ 6,795,909	\$ 20,116,804	\$ 56,282,037

See accompanying note to financial statements.

Ionia County, Michigan  
STATEMENT OF ACTIVITIES  
Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units
					Governmental Activities	Business-type Activities	Total	
Primary government								
Governmental activities								
General government	\$ 7,516,172	\$ 1,528,655	\$ 1,483,909	\$ -	\$ (4,503,608)	\$ -	\$ (4,503,608)	\$ -
Public safety	6,742,998	2,159,608	496,385	-	(4,087,005)	-	(4,087,005)	-
Public works	384,429	-	117,951	-	(266,478)	-	(266,478)	-
Health and welfare	4,294,584	420,811	3,002,178	-	(871,595)	-	(871,595)	-
Community and economic development	223,317	60,511	205,380	-	42,574	-	42,574	-
Recreation and cultural	166,531	45,125	7,696	-	(113,710)	-	(113,710)	-
Interest on long-term debt	12,992	-	-	-	(12,992)	-	(12,992)	-
Total governmental activities	19,341,023	4,214,710	5,313,499	-0-	(9,812,814)	-0-	(9,812,814)	-0-
Business-type activities								
Delinquent Tax Revolving	5,075	470,600	-	-	-	465,525	465,525	-
Airport	176,418	70,928	-	27,540	-	(77,950)	(77,950)	-
Tax Foreclosure	244,314	332,272	-	-	-	87,958	87,958	-
Principal Residence Denial Interest	2,055	4,545	-	-	-	2,490	2,490	-
Total business-type activities	427,862	878,345	-0-	27,540	-0-	478,023	478,023	478,023
Total primary government	<u>\$ 19,768,885</u>	<u>\$ 5,093,055</u>	<u>\$ 5,313,499</u>	<u>\$ 27,540</u>	(9,812,814)	478,023	(9,334,791)	478,023
Component units								
Road Commission	\$ 10,932,865	\$ 4,048,005	\$ 5,496,284	\$ 4,355,844	-	-	-0-	2,967,268
Drainage Districts	1,042,893	-	16,990	1,346,416	-	-	-0-	320,513
Land Bank Authority	10,220	5,001	-	-	-	-	-0-	(5,219)
Total component units	<u>\$ 11,985,978</u>	<u>\$ 4,053,006</u>	<u>\$ 5,513,274</u>	<u>\$ 5,702,260</u>	-0-	-0-	-0-	3,282,562
General revenues								
Property taxes					7,332,113	-	7,332,113	485
State shared revenue					1,014,933	-	1,014,933	-
Investment earnings					22,096	2,267	24,363	5,340
Miscellaneous					1,080,573	-	1,080,573	-
Gain on sale of assets					11,067	-	11,067	18,122
Transfers					317,450	(317,450)	-0-	-
Total general revenues and transfers					9,778,232	(315,183)	9,463,049	23,947
Change in net position					(34,582)	162,840	128,258	3,306,509
Net position, beginning of the year					13,355,477	6,633,069	19,988,546	52,975,528
Net position, end of the year					<u>\$ 13,320,895</u>	<u>\$ 6,795,909</u>	<u>\$ 20,116,804</u>	<u>\$ 56,282,037</u>

See accompanying notes to financial statements.

Ionia County, Michigan

Governmental Funds

BALANCE SHEET

December 31, 2014

	General	Friend of the Court	Public Health
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,684,873	\$ 103,225	\$ 1,484,873
Investments	1,241,426	-	-
Receivables			
Accounts	208,845	-	36,259
Taxes	557,676	-	-
Due from other funds	253,000	-	-
Due from other governmental units			
Federal/State	237,912	86,779	21,313
Local	121,716	-	-
Prepays	6,573	-	-
Advance to other funds	18,250	-	-
Inventory	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,330,271</b>	<b>\$ 190,004</b>	<b>\$ 1,542,445</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 322,495	\$ 9,594	\$ 11,924
Accrued liabilities	272,159	19,836	36,398
Due to other funds	-	160,000	-
Unearned revenue	-	-	14,976
<b>TOTAL LIABILITIES</b>	<b>594,654</b>	<b>189,430</b>	<b>63,298</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes levied for subsequent period	-	-	-
<b>FUND BALANCES</b>			
Nonspendable	24,823	-	-
Restricted	82,753	-	878,250
Committed	2,858,200	574	416,718
Assigned	470,303	-	184,179
Unassigned	2,299,538	-	-
<b>TOTAL FUND BALANCES</b>	<b>5,735,617</b>	<b>574</b>	<b>1,479,147</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 6,330,271</b>	<b>\$ 190,004</b>	<b>\$ 1,542,445</b>

See accompanying notes to financial statements.

Commission on Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 204,312	\$ 1,545,216	\$ 7,022,499
-	200,000	1,441,426
26,533	261,711	533,348
649,505	-	1,207,181
-	-	253,000
15,923	105,433	467,360
-	-	121,716
-	-	6,573
-	-	18,250
3,929	-	3,929
<u>\$ 900,202</u>	<u>\$ 2,112,360</u>	<u>\$ 11,075,282</u>
\$ 16,173	\$ 121,059	\$ 481,245
19,530	31,371	379,294
88,000	5,000	253,000
-	-	14,976
123,703	157,430	1,128,515
730,044	-	730,044
3,929	291,738	320,490
42,526	1,431,134	2,434,663
-	117,900	3,393,392
-	123,427	777,909
-	(9,269)	2,290,269
<u>46,455</u>	<u>1,954,930</u>	<u>9,216,723</u>
<u>\$ 900,202</u>	<u>\$ 2,112,360</u>	<u>\$ 11,075,282</u>

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Ionia County, Michigan

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

December 31, 2014

**Total fund balances - governmental funds** \$ 9,216,723

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 as assets in the governmental funds.

The cost of capital assets is	\$ 11,846,464	
Accumulated depreciation is	<u>(6,466,333)</u>	
Capital assets, net		5,380,131

Long-term liabilities are not due and payable in the current period and  
therefore are not reported in the Governmental Funds Balance Sheet.  
Long-term liabilities at year-end consist of:

Direct County Obligations	(250,000)	
Accrued interest payable	(4,792)	
Net other post-employment benefits obligation	(357,428)	
Compensated absences	<u>(663,739)</u>	
		<u>(1,275,959)</u>

**Net position of governmental activities** \$ 13,320,895

Ionia County, Michigan

Governmental Funds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2014

	General	Friend of the Court	Public Health
REVENUES			
Taxes	\$ 6,793,805	\$ -	\$ -
Licenses and permits	131,391	-	-
Intergovernmental	2,572,990	596,392	1,648,816
Charges for services	1,579,116	-	335,128
Fines and forfeits	114,206	93,238	-
Interest and rents	154,597	-	-
Other	1,249,405	-	70,266
TOTAL REVENUES	12,595,510	689,630	2,054,210
EXPENDITURES			
Current			
General government	6,217,715	727,961	-
Public safety	4,540,575	-	-
Public works	327,672	-	-
Health and welfare	1,193,304	-	1,944,762
Community and economic development	17,100	-	-
Recreation and cultural	140,900	-	-
Other	421,532	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	12,858,798	727,961	1,944,762
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(263,288)	(38,331)	109,448
OTHER FINANCING SOURCES (USES)			
Transfers in	430,957	31,292	184,179
Transfers out	(362,814)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	68,143	31,292	184,179
NET CHANGE IN FUND BALANCES	(195,145)	(7,039)	293,627
Fund balances, beginning of year	5,930,762	7,613	1,185,520
Fund balances, end of year	\$ 5,735,617	\$ 574	\$ 1,479,147

See accompanying notes to financial statements.

Commission on Aging	Nonmajor Governmental Funds	Total Governmental Funds
\$ 538,308	\$ -	\$ 7,332,113
-	388,966	520,357
323,538	611,036	5,752,772
30,754	1,469,671	3,414,669
-	20,550	227,994
-	1,847	156,444
170,343	94,628	1,584,642
1,062,943	2,586,698	18,988,991
-	270,688	7,216,364
-	1,933,562	6,474,137
-	47,781	375,453
1,021,308	34,637	4,194,011
-	203,490	220,590
-	13,544	154,444
-	-	421,532
-	14,750	14,750
-	63,998	63,998
1,021,308	2,582,450	19,135,279
41,635	4,248	(146,288)
-	151,171	797,599
-	(117,335)	(480,149)
-0-	33,836	317,450
41,635	38,084	171,162
4,820	1,916,846	9,045,561
\$ 46,455	\$ 1,954,930	\$ 9,216,723

Ionia County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

**Net change in fund balances - total governmental funds** **\$ 171,162**

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 163,511	
Depreciation expense	<u>(429,332)</u>	
Excess of depreciation expense over capital outlay		(265,821)

Repayment of long-term debt is reported as expenditures in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Debt principal retirement	50,000
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	1,006	
(Increase) in other post-employment benefits obligation	(78,586)	
Decrease in accrued compensated absences	<u>87,657</u>	
		<u>10,077</u>

**Change in net position of governmental activities** **\$ (34,582)**

Ionía County, Michigan

Proprietary Funds

STATEMENT OF NET POSITION

December 31, 2014

	Business-type Activities			
	Delinquent Tax Revolving	Tax Foreclosure	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,402,528	\$ 897,950	\$ 130,511	\$ 4,430,989
Receivables				
Taxes	1,608,548	-	-	1,608,548
Accounts	-	-	743	743
Total current assets	5,011,076	897,950	131,254	6,040,280
Noncurrent assets				
Capital assets not being depreciated	-	-	210,060	210,060
Capital assets, net of accumulated depreciation	-	-	570,650	570,650
Total noncurrent assets	-0-	-0-	780,710	780,710
TOTAL ASSETS	5,011,076	897,950	911,964	6,820,990
LIABILITIES				
Current liabilities				
Accounts payable	1,538	2,300	2,294	6,132
Accrued liabilities	-	-	699	699
Total current liabilities	1,538	2,300	2,993	6,831
Noncurrent liabilities				
Advance from other funds	-	-	18,250	18,250
TOTAL LIABILITIES	1,538	2,300	21,243	25,081
NET POSITION				
Investment in capital assets	-	-	780,710	780,710
Unrestricted	5,009,538	895,650	110,011	6,015,199
TOTAL NET POSITION	\$ 5,009,538	\$ 895,650	\$ 890,721	\$ 6,795,909

See accompanying notes to financial statements.

Ionía County, Michigan

Proprietary Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31, 2014

	Business-type Activities			
	Delinquent Tax Revolving	Tax Foreclosure	Nonmajor Enterprise Funds	Total Enterprise Funds
OPERATING REVENUES				
Interest and penalties on delinquent taxes	\$ 346,637	\$ 960	\$ 4,545	\$ 352,142
Charges for services	123,963	331,312	70,928	526,203
TOTAL OPERATING REVENUES	470,600	332,272	75,473	878,345
OPERATING EXPENSES				
Operating expenses	-	157,511	12,935	170,446
Contracted services	-	86,803	34,669	121,472
Salaries	-	-	1,050	1,050
Fringe benefits	-	-	515	515
Depreciation	-	-	105,360	105,360
Other	5,075	-	23,944	29,019
TOTAL OPERATING EXPENSES	5,075	244,314	178,473	427,862
OPERATING INCOME (LOSS)	465,525	87,958	(103,000)	450,483
NONOPERATING REVENUES				
Intergovernmental	-	-	27,540	27,540
Interest revenue	1,002	1,265	-	2,267
TOTAL NONOPERATING REVENUES	1,002	1,265	27,540	29,807
INCOME (LOSS) BEFORE TRANSFERS	466,527	89,223	(75,460)	480,290
TRANSFERS OUT	(304,651)	-	(12,799)	(317,450)
CHANGE IN NET POSITION	161,876	89,223	(88,259)	162,840
Net position, beginning of year	4,847,662	806,427	978,980	6,633,069
Net position, end of year	\$ 5,009,538	\$ 895,650	\$ 890,721	\$ 6,795,909

See accompanying notes to financial statements.

Ionia County, Michigan

Proprietary Funds

STATEMENT OF CASH FLOWS

Year Ended December 31, 2014

	Business-type Activities			
	Delinquent Tax Revolving	Tax Foreclosure	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash receipts from customers	\$ 686,019	\$ 332,272	\$ 81,310	\$ 1,099,601
Cash paid to employees and suppliers	-	(248,917)	(72,455)	(321,372)
Cash paid for employee services and benefits	-	-	(515)	(515)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>686,019</b>	<b>83,355</b>	<b>8,340</b>	<b>777,714</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers out	(304,651)	-	(12,799)	(317,450)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,002	1,265	-	2,267
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>382,370</b>	<b>84,620</b>	<b>(4,459)</b>	<b>462,531</b>
Cash and cash equivalents, beginning of year	3,020,158	813,330	134,970	3,968,458
Cash and cash equivalents, end of year	<u>\$ 3,402,528</u>	<u>\$ 897,950</u>	<u>\$ 130,511</u>	<u>\$ 4,430,989</u>
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 465,525	\$ 87,958	\$ (103,000)	\$ 450,483
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	-	-	105,360	105,360
Decrease in:				
Receivables	218,956	-	5,837	224,793
Increase (decrease) in:				
Accounts payable	1,538	(4,603)	243	(2,822)
Accrued liabilities	-	-	(100)	(100)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 686,019</b>	<b>\$ 83,355</b>	<b>\$ 8,340</b>	<b>\$ 777,714</b>
<b>NONCASH FINANCING ACTIVITIES</b>				
Contributions of capital assets	\$ -	\$ -	\$ 27,540	\$ 27,540

See accompanying notes to financial statements.

Ionia County, Michigan

Fiduciary Funds

STATEMENT OF NET POSITION

December 31, 2014

	<u>Agency Funds</u>	<u>Pension Fund</u>
ASSETS		
Cash and cash equivalents	\$ 1,842,803	\$ 115,259
Cash - restricted	36,486	-
Investments	-	8,475,674
Deposit with agent	<u>354,292</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 2,233,581</u>	8,590,933
LIABILITIES		
Due to other governmental units	\$ 1,454,352	-
Due to individuals and agencies	<u>779,229</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 2,233,581</u>	<u>-0-</u>
NET POSITION		
Held in trust for benefits and other purposes		<u>\$ 8,590,933</u>

See accompanying notes to financial statements.

Ionia County, Michigan

Pension Trust Fund

STATEMENT OF CHANGES IN PLAN NET POSITION

Year Ended December 31, 2014

	<u>Pension Fund</u>
ADDITIONS	
Investment income	
Interest and dividends	\$ 223,486
Net increase in fair value of investments	<u>280,171</u>
Net investment income	503,657
Contributions	
Employer	438,821
Employee	<u>129,391</u>
Total contributions	<u>568,212</u>
Total additions	1,071,869
DEDUCTIONS	
Benefit payments	335,864
Administrative expenses	<u>34,662</u>
Total deductions	<u>370,526</u>
CHANGE IN NET POSITION	701,343
Net position, beginning of year	<u>7,889,590</u>
Net position, end of year	<u><u>\$ 8,590,933</u></u>

See accompanying notes to financial statements.

Ionia County, Michigan

Component Units

COMBINING STATEMENT OF NET POSITION

December 31, 2014

	Road Commission	Drainage Districts	Land Bank Authority	Total Component Units
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 592,632	\$ 1,311,160	\$ 31,583	\$ 1,935,375
Receivables	12,168	1,183,324	-	1,195,492
Inventories	590,266	-	-	590,266
Prepays	125,098	-	-	125,098
Due from other governmental units	1,199,770	46,529	-	1,246,299
Total current assets	2,519,934	2,541,013	31,583	5,092,530
Noncurrent assets				
Net pension asset	1,015,120	-	-	1,015,120
Capital assets not being depreciated	15,762,679	-	-	15,762,679
Capital assets, net of accumulated depreciation	31,392,965	6,819,718	-	38,212,683
Total noncurrent assets	48,170,764	6,819,718	-0-	54,990,482
<b>TOTAL ASSETS</b>	<b>50,690,698</b>	<b>9,360,731</b>	<b>31,583</b>	<b>60,083,012</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	52,978	76,197	-	129,175
Accrued liabilities	67,044	-	-	67,044
Unearned revenue	8,769	-	-	8,769
Due to other governmental units	-	92,539	-	92,539
Accrued interest payable	3,145	18,520	-	21,665
Advances	204,183	-	-	204,183
Current portion of long-term debt	111,732	443,629	-	555,361
Total current liabilities	447,851	630,885	-0-	1,078,736
Noncurrent liabilities				
Net OPEB obligation	997,022	-	-	997,022
Noncurrent portion of compensated absences	166,179	-	-	166,179
Noncurrent portion of long-term debt	171,071	1,387,967	-	1,559,038
Total noncurrent liabilities	1,334,272	1,387,967	-0-	2,722,239
<b>TOTAL LIABILITIES</b>	<b>1,782,123</b>	<b>2,018,852</b>	<b>-0-</b>	<b>3,800,975</b>
<b>NET POSITION</b>				
Net investment in capital assets	46,882,841	4,988,122	-	51,870,963
Restricted for capital expenditures	-	1,115,482	-	1,115,482
Unrestricted	2,025,734	1,238,275	31,583	3,295,592
<b>TOTAL NET POSITION</b>	<b>\$ 48,908,575</b>	<b>\$ 7,341,879</b>	<b>\$ 31,583</b>	<b>\$ 56,282,037</b>

See accompanying notes to financial statements.

Ionia County, Michigan

Component Units

COMBINING STATEMENT OF ACTIVITIES

Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Drainage Districts	Land Bank Authority	Total
Road Commission	\$ 10,932,865	\$ 4,048,005	\$ 5,496,284	\$ 4,355,844	\$ 2,967,268	\$ -	\$ -	\$ 2,967,268
Drainage Districts	1,042,893	-	16,990	1,346,416	-	320,513	-	320,513
Land Bank Authority	10,220	5,001	-	-	-	-	(5,219)	(5,219)
<b>TOTALS</b>	<b>\$ 11,985,978</b>	<b>\$ 4,053,006</b>	<b>\$ 5,513,274</b>	<b>\$ 5,702,260</b>	<b>2,967,268</b>	<b>320,513</b>	<b>(5,219)</b>	<b>3,282,562</b>
General revenues								
Investment earnings					1,422	3,918	-	5,340
Property tax					-	-	485	485
Gain on sale of assets					18,122	-	-	18,122
Total general revenues					19,544	3,918	485	23,947
Change in net position					2,986,812	324,431	(4,734)	3,306,509
Net position, beginning of the year					45,921,763	7,017,448	36,317	52,975,528
Net position, end of the year					\$ 48,908,575	\$ 7,341,879	\$ 31,583	\$ 56,282,037

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The County of Ionia, Michigan, was incorporated in 1837, and covers an area of approximately 575 square miles with the County seat located in the City of Ionia. The County operates under an elected Board of Commissioners and provides services to its more than 60,000 residents in many areas including law enforcement, administration of justice, community enrichment and development, and human services.

The financial statements of the County have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to County governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

As required by accounting principles generally accepted in the United States of America; these financial statements present the financial activities of Ionia County (primary government) and its component units. The component units described in Sections 2 and 3 below should be included in the County's reporting entity because of the significance of their operational or financial relationship with the County. Blended component units, although legally separate entities, are in substance, part of the County's operations, so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

2. Blended Component Units

The Ionia County Commission on Aging is responsible for planning and coordinating services for senior citizens. The Board is composed of seven (7) members, of which one (1) is a County Commissioner. The Commission's operations have been blended into the primary government.

3. Discretely Presented Component Units

These component units are reported in a separate column to emphasize that, while legally separate, Ionia County remains financially accountable for these entities, or the nature and significance of the relationship between these entities and Ionia County is such that exclusion of these entities would render the financial statements misleading or incomplete.

The Ionia County Road Commission is responsible for the maintenance and construction of the County road system. The Road Commission operations are financed primarily from the State distribution of gas and weight taxes, Federal financial assistance, and contributions from other local government units within the County. The Ionia County Road Commission, which is established pursuant to the County Road Law (MCL 224.1), is governed by an appointed five (5) member board of county road commissioners. The Road Commission is a separate legal entity from the County and they maintain a separate financial and accounting system. This component unit is audited individually and complete financial statements (including the Employee Healthcare Benefit Trust Fund) may be obtained from the Road Commission's administrative office.

The Drainage Districts in the County come under the jurisdiction of the Ionia County Drain Commissioner. This includes planning, developing, and maintaining surface water drainage systems. A complete file of finance, construction, and maintenance is maintained for each of the drains. The Drain Commissioner has authority to spend up to \$5,000 per mile on drain maintenance and may borrow up to \$300,000 from any source to provide for maintenance of a drain without Board of Commissioner approval and without going through the Municipal Finance Division, State of Michigan. The Drain Commissioner has authority to levy special assessments on properties benefiting from maintenance. The Drainage Districts are financially accountable to the County because bond issuances greater than \$300,000 require County authorization and are backed by the full faith and credit of the County.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

3. Discretely Presented Component Units - continued

The Land Bank Authority, organized pursuant to State statutes, was created to carry out the powers, duties and functions, and responsibilities of an authority under the Land Bank Act including, but not limited to, the power, privilege, and authority to acquire, manage, and dispose of interests in property, and doing all other things necessary or convenient to implement to purposes, objectives, and provisions of the Land Bank Act.

4. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities (the government-wide financial statements) present information for the primary government and its component units as a whole. All non-fiduciary activities of the primary government are included (i.e., fiduciary fund activities are not included in the government-wide financial statements). For the most part, interfund activity has been eliminated in the preparation of 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.

The statement of activities presents the direct functional expenses of the primary government and its component units and the program revenues that support them. Direct expenses are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues are associated with specific functions and include charges to recipients of goods or services and grants and contributions that are restricted to meeting the operational or capital requirements of that function. Revenues that are not required to be presented as program revenues are general revenues. This includes all taxes, interest, and unrestricted State revenue sharing payments and other general revenues and shows how governmental functions are either self-financing or supported by general revenues.

FUND FINANCIAL STATEMENTS

The fund financial statements present the County's individual major funds and aggregate nonmajor funds. 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.

The major governmental funds of the County are:

- a. The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.
- b. The Friend of the Court Fund accounts for the activities of the Friend of the Court and is funded primarily by grant revenue.
- c. The Public Health Fund accounts for all operations of the health department and is funded primarily by grant revenue.
- d. The Commission on Aging Fund accounts for the operations of the Commission on Aging and is funded primarily through grant revenue and taxes.

The major enterprise funds of the County are:

- a. The Delinquent Tax Revolving Fund accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of delinquent real property taxes, penalties, and interest.
- b. The Tax Foreclosure Fund accounts for activity associated with property foreclosure throughout the County.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

4. Basis of Presentation - continued

FUND FINANCIAL STATEMENTS - CONTINUED

The County reports a trust fund to account for the accumulation of resources for retirement payments to qualified employees.

The County also reports agency funds to account for assets held by the County as an agent for other governments, private organizations, or individuals. Agency funds are, by nature, custodial; therefore, operation results are not measured.

5. Measurement Focus

The government-wide, proprietary, and non-agency fiduciary fund financial statements are presented using the economic resources measurement focus, similar to that used by business enterprises or not-for-profit organizations. Because another measurement focus is used in the governmental fund financial statements, reconciliations to the government-wide financial statements are provided that explain the differences in detail.

All governmental funds are presented using the current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in fund balance.

There is no measurement focus for agency funds since assets equal liabilities.

6. Basis of Accounting

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Under this method, revenues are recognized when they become susceptible to accrual (when they become both "measurable" and "available to finance expenditures of the current period"). The length of time used for "available" for purposes of revenue recognition in the governmental fund financial statements is sixty (60) days. Revenues that are considered measurable but not available are recorded as receivable and as unavailable revenue.

Significant revenues susceptible to accrual are property taxes, special assessments, and certain intergovernmental revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for interest on long-term debt which is recorded when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

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 charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and other costs of running the activity. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. If/when both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

7. Cash and Cash Equivalents

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balances in the pooled cash accounts are available to meet current operating requirements. Cash in excess of current requirements is invested in various interest bearing securities and disclosed as part of the County's investments. Cash equivalents consist of temporary investments in certificates of deposit, mutual funds, U.S. government securities, and time certificates with an original maturity of 90 days or less.

8. Investments

Investments consist of Pension Fund Securities, U.S. government securities, and certificates of deposit with original maturities of greater than 90 days. Investments are recorded at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*.

9. Receivables

Receivables consist of amounts due from governmental units for various financial assistance programs, special assessments, and accounts receivable related to charges for services.

10. Inventories

Inventories in the Road Commission (Component Unit) Fund are priced at cost as determined on the average cost method. Road Commission inventory items are charged to road construction and maintenance, equipment repairs and operations, as used.

11. Capital Assets

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities, business-type activities, and component unit columns. Capital assets are those with an initial individual cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market 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. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	10 - 50 years
Equipment and furniture	5 - 20 years
Vehicles	5 - 6 years
Drain infrastructure	50 years

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

11. Capital Assets - continued

ROAD COMMISSION - COMPONENT UNIT

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, and similar items), are reported in the government-wide financial statements. Capital assets are defined by Ionia County Road Commission as assets with an estimated useful life in excess of two (2) years. No minimum cost is used to record road equipment capital assets. Such assets are recorded at historical costs or estimated historical cost of purchase or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are recorded in the governmental fund statements as capital expenditures at the time of purchase.

Depreciation is computed on the sum-of-the-years'-digits method for road equipment and straight-line method for all other capital assets. The depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Buildings and Improvements	10 - 50 years
Road Equipment	5 - 8 years
Shop Equipment	5 years
Office Equipment	5 - 10 years
Engineering Equipment	3 - 10 years
Infrastructure - Roads	5 - 30 years
Infrastructure - Bridges	12 - 50 years

Infrastructure is reported retrospectively from 1980, except for right-of-ways, bridges, and traffic signals which are required to be reported despite the date of purchase. Roads are removed from the capital assets at the time the group of individually recorded roads has been fully depreciated.

The Uniform Accounting Procedures Manual for Michigan County Road Commissions provides for recoding depreciation and depletion in the governmental fund statements as a charge to various expenditure accounts, and a credit to a depreciation/depletion credit account. Accordingly, the annual depreciation/depletion expenditure does not affect the available operating equities of the governmental fund statements.

Depletion is calculated as the amount of prorated cost or other indicated value assigned to the extracted portion of a natural resource.

12. Long-Term Obligations

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

13. Compensated Absences

In accordance with the County personnel policies and/or contracts negotiated with the various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in the respective personnel policies and/or contracts.

Vested vacation and sick leave earned as of December 31, 2014, including related payroll taxes, is recorded in the government-wide financial statements.

14. Unearned Revenue

Unearned revenue consists of amounts that have been received but have not been earned.

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or fund level balance sheet, when applicable, will report a separate section for deferred outflows of resources. This separate financial statement element 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.

In addition to liabilities, the statement of net position or fund level balance sheet, when applicable, will report a separate section for deferred inflows of resources. This separate financial statement element 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 County reports deferred inflows of resources in the Commission on Aging Fund for taxes levied for subsequent periods.

16. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

17. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The County employs the following procedures in establishing budgets:

- a. Prior to August 25, the County departments, in conjunction with the Administrator's office, prepare and submit their proposed operating budgets to the Board of Commissioners for the fiscal year commencing the following January 1. The operating budgets include proposed expenditures and resources to finance them.
- b. A Public Hearing is held to obtain taxpayers' comments.
- c. Prior to December 31, the budgets are legally enacted through passage of an annual budget resolution.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE A: DESCRIPTION OF COUNTY OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

17. Budgets and Budgetary Accounting - continued

- d. The budgets are legally adopted at the fund level for the General Fund and the Special Revenue funds. Budgetary transfers between funds and amendments to total fund budgets are not permitted without Board approval. For control purposes, all funds' budgets are maintained at the activity and account level. The Administrator is authorized to transfer budget amounts between accounts.
- e. The County does not employ encumbrance accounting as an extension of formula budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.

Applicable budgeted amounts are reported as originally adopted or as amended by the Board of Commissioners during the year. Individual amendments were not material in relation to the original appropriations that were adopted.

18. Federal Programs

Federal Programs are accounted for in the funds to which the programs pertain. The County has not integrated its Single Audit Reports and financial data as part of the financial statements. The Single Audit reports and financial data will be issued under separate cover as supplementary information to the financial statements.

19. Comparative Data

Comparative data for the prior year has not been presented in the accompanying financial statements since the inclusion of comparative data would make the statements unduly complex and difficult to read.

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The County utilizes various pooled cash accounts and investments for approximately thirty (30) funds. The County's pooled cash and investments consist of a common checking account, savings, certificates of deposit, and mutual funds.

The County's pooled cash and investments are utilized by the General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Internal Service Funds, Trust and Agency Funds, and Component Unit Funds. Each fund's portion of these pooled accounts is included in the cash and cash equivalents caption in the applicable balance sheet/statement of net position.

The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit and mutual funds are separately held by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Deposits

As of December 31, 2014, the carrying amounts and bank balance for each type of bank account are as follows:

<u>ACCOUNT TYPE</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
PRIMARY GOVERNMENT		
Checking and savings	\$ 11,451,337	\$ 11,045,791
Certificates of deposit	<u>452,098</u>	<u>452,098</u>
Total primary government	11,903,435	11,497,889
COMPONENT UNITS		
Checking and savings	1,934,875	2,322,737
FIDUCIARY FUNDS		
Checking and savings	1,994,548	2,300,911
Certificates of deposit	<u>200,000</u>	<u>200,000</u>
Total fiduciary funds	<u>2,194,548</u>	<u>2,500,911</u>
TOTAL REPORTING ENTITY	<u>\$ 16,032,858</u>	<u>\$ 16,321,537</u>

Deposits of the County are at federally insured banks located in the State of Michigan with all accounts maintained in the name of the County. As of December 31, 2014, the primary government, component units, and fiduciary fund accounts were insured by the FDIC or NCUA for \$1,690,681 and the amount of \$14,630,856 was uninsured and uncollateralized.

Due to significantly higher cash flow at certain periods during the year, the amount the County held as cash and cash equivalents increased significantly. As a result, the amount of uninsured and uncollateralized cash and cash equivalents were substantially higher at these peak periods than at year-end.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

Investments

As of December 31, 2014, the carrying amounts and market values for each investment are as follows:

<u>INVESTMENT TYPE</u>	<u>Carrying Amount</u>	<u>Market Value</u>	<u>Moody's Rating</u>	<u>Weighted Average Maturity</u>
PRIMARY GOVERNMENT				
Federal Home Loan Banks	\$ 250,358	\$ 250,358	Aaa	59 months
Federal National Mortgage Association	496,469	496,469	Aaa	33 months
Uncategorized pooled investment funds	242,501	242,501	Aaa	45 days
	<u>\$ 989,328</u>	<u>\$ 989,328</u>		

The County has investments purchased for the County employee's Pension Trust Fund through Commonwealth Financial Network. Michigan Compiled Law, Section 38.1121 authorizes the County to invest pension assets in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. As of December 31, 2014, the market value, which is the carrying amount of the pension trust plans assets, is \$8,275,674. The pension trust fund assets include uninsured and unregistered investments for which the securities are held, by the carrier's trust departments but not in the County's name.

Credit risk

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2014, rating information on the County's investments is presented above.

Interest rate risk

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 structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operating funds primarily in shorter-term securities, liquid asset funds, money market, mutual funds, or similar investment pools and limiting the average maturity in accordance with the County's cash requirements.

Concentration of credit risk

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.

Custodial credit risk

The County will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer by:

- Limiting investments to the types of securities listed in this investment policy.
- Pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the County will do business in accordance with this investment policy.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE B: CASH, CASH EQUIVALENTS, AND INVESTMENTS - CONTINUED**

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note A. The following summarizes the categorization of these amounts as of December 31, 2014:

	Primary Government	Component Units	Fiduciary Funds	Reporting Entity
Cash and cash equivalents	\$ 11,453,488	\$ 1,935,375	\$ 1,994,548	\$ 15,383,411
Investments - current	342,501	-	-	342,501
Investments - noncurrent	1,098,925	-	8,475,674	9,574,599
	<u>\$ 12,894,914</u>	<u>\$ 1,935,375</u>	<u>\$ 10,470,222</u>	<u>\$ 25,300,511</u>

The primary government and component units cash and cash equivalents caption on the financial statement includes \$2,151 and \$500, respectively, in imprest cash.

**NOTE C: INTERFUND RECEIVABLES AND PAYABLES**

The following schedule details interfund receivables and payables at December 31, 2014:

Due to General Fund from:	
Commission on Aging Fund	\$ 88,000
Friend of the Court Fund	160,000
Nonmajor governmental funds	<u>5,000</u>
	<u>\$ 253,000</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

**NOTE D: INTERFUND TRANSFERS**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds and business-type funds have been eliminated.

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Funds as debt service principal and interest payments become due, 2) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, and 3) move Delinquent Tax Revolving Fund reserves to finance various capital improvements.

Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE D: INTERFUND TRANSFERS - CONTINUED**

Transfers to General Fund from:	
Nonmajor enterprise funds	\$ 12,799
Nonmajor governmental funds	113,507
Delinquent Tax Revolving Fund	<u>304,651</u>
	<u>\$ 430,957</u>
Transfer to Public Health Fund from:	
General Fund	<u>\$ 184,179</u>
Transfer to Friend of the Court Fund from:	
General Fund	\$ 27,464
Nonmajor governmental funds	<u>3,828</u>
	<u>\$ 31,292</u>
Transfers to nonmajor governmental funds from:	
General Fund	<u>\$ 151,171</u>

**NOTE E: ADVANCES RECEIVABLE AND PAYABLES**

The following schedule details advances receivable and payable between funds of the primary government at December 31, 2014:

Advance from the General Fund to:	
Nonmajor enterprise funds	<u>\$ 18,250</u>

**NOTE F: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014 was as follows:

PRIMARY GOVERNMENT

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Governmental Activities				
Capital assets not being depreciated				
Land and land improvements	\$ 320,108	\$ -	\$ -	\$ 320,108
Capital assets being depreciated				
Buildings	8,895,714	-	-	8,895,714
Equipment and furniture	1,510,576	12,738	-	1,523,314
Vehicles	<u>1,050,865</u>	<u>150,773</u>	<u>(94,310)</u>	<u>1,107,328</u>
Total capital assets being depreciated	11,457,155	163,511	(94,310)	11,526,356

Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE F: CAPITAL ASSETS - CONTINUED**

PRIMARY GOVERNMENT - CONTINUED

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Governmental Activities - continued				
Less accumulated depreciation for:				
Buildings	\$ (4,067,313)	\$ (251,841)	\$ -	\$ (4,319,154)
Equipment and furniture	(1,295,244)	(89,723)	-	(1,384,967)
Vehicles	(768,754)	(87,768)	94,310	(762,212)
Total accumulated depreciation	(6,131,311)	(429,332)	94,310	(6,466,333)
Net capital assets being depreciated	5,325,844	(265,821)	-0-	5,060,023
Capital assets, net	\$ 5,645,952	\$ (265,821)	\$ -0-	\$ 5,380,131

Depreciation expense was charged to the following governmental activities:

General government	\$ 134,789
Public safety	223,258
Public works	6,249
Health and welfare	55,676
Recreation and cultural	9,360
Total depreciation expense	\$ 429,332

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Business-Type Activities				
Capital assets not being depreciated				
Land	\$ 210,060	\$ -	\$ -	\$ 210,060
Capital assets being depreciated				
Buildings and improvements	2,344,557	27,540	-	2,372,097
Equipment	5,556	-	-	5,556
Total capital assets being depreciated	2,350,113	27,540	-0-	2,377,653
Less accumulated depreciation for:				
Buildings and improvements	(1,697,013)	(104,434)	-	(1,801,447)
Equipment	(4,630)	(926)	-	(5,556)
Total accumulated depreciation	(1,701,643)	(105,360)	-0-	(1,807,003)
Net capital assets being depreciated	648,470	(77,820)	-0-	570,650
Capital assets, net	\$ 858,530	\$ (77,820)	\$ -0-	\$ 780,710

Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE F: CAPITAL ASSETS - CONTINUED**

COMPONENT UNITS

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014
Drainage Districts				
Capital assets being depreciated				
Drains	\$ 10,302,144	\$ -	\$ -	\$ 10,302,144
Less accumulated depreciation for:				
Drains	(3,276,383)	(206,043)	-	(3,482,426)
Capital assets, net	<u>\$ 7,025,761</u>	<u>\$ (206,043)</u>	<u>\$ -0-</u>	<u>\$ 6,819,718</u>
Road Commission				
Capital assets not being depreciated				
Land	\$ 79,821	\$ -	\$ -	\$ 79,821
Land improvements	15,303,759	288,863	-	15,592,622
Right of ways	80,000	-	-	80,000
Depletable assets - gravel pits	10,080	-	-	10,080
Construction in progress	73,152	156	(73,152)	156
Subtotal	15,546,812	289,019	(73,152)	15,762,679
Capital assets being depreciated				
Buildings and improvements	2,500,651	5,356	-	2,506,007
Road equipment	6,343,725	388,544	(100,126)	6,632,143
Shop equipment	235,006	2,825	-	237,831
Office equipment	196,676	-	-	196,676
Engineering equipment	149,481	-	-	149,481
Infrastructure - bridges	15,078,449	2,881,670	(108,594)	17,851,525
Infrastructure - roads	31,938,307	1,653,244	(2,350,396)	31,241,155
Total capital assets being depreciated	56,442,295	4,931,639	(2,559,116)	58,814,818
Less accumulated depreciation for:				
Buildings and improvements	(1,290,238)	(61,659)	-	(1,351,897)
Road equipment	(5,789,985)	(288,747)	99,790	(5,978,942)
Shop equipment	(164,441)	(18,176)	-	(182,617)
Office equipment	(168,792)	(8,855)	-	(177,647)
Engineering equipment	(133,568)	(7,205)	-	(140,773)
Infrastructure - bridges	(4,092,767)	(310,895)	13,574	(4,390,088)
Infrastructure - roads	(15,548,835)	(2,001,450)	2,350,396	(15,199,889)
Total accumulated depreciation	<u>(27,188,626)</u>	<u>(2,696,987)</u>	<u>2,463,760</u>	<u>(27,421,853)</u>
Capital assets being depreciated, net	<u>29,253,669</u>	<u>2,234,652</u>	<u>(95,356)</u>	<u>31,392,965</u>
Capital assets, net	<u>\$ 44,800,481</u>	<u>\$ 2,523,671</u>	<u>\$ (168,508)</u>	<u>\$ 47,155,644</u>

Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE G: LONG-TERM DEBT**

The following is a summary of changes in long-term debt (including current portion) of the County for the year ended December 31, 2014:

	Balance Jan. 1, 2014	Additions	Deletions	Balance Dec. 31, 2014	Amounts Due Within One Year
PRIMARY GOVERNMENT					
Governmental Activities					
Installment loan	\$ 300,000	\$ -	\$ (50,000)	\$ 250,000	\$ 50,000
Compensated absences	751,396	718,942	(806,599)	663,739	331,870
TOTAL PRIMARY GOVERNMENT	1,051,396	718,942	(856,599)	913,739	381,870
COMPONENT UNITS					
Drainage Districts					
Drain notes	1,963,394	334,400	(466,198)	1,831,596	443,629
Road Commission					
Installment loans	183,047	226,000	(136,244)	272,803	111,732
Compensated absences	178,035	-	(11,856)	166,179	-
Retiree life insurance liability	10,000	-	-	10,000	-
Total Road Commission	371,082	226,000	(148,100)	448,982	111,732
TOTAL COMPONENT UNITS	2,334,476	560,400	(614,298)	2,280,578	555,361
TOTAL REPORTING ENTITY	<u>\$ 3,385,872</u>	<u>\$ 1,279,342</u>	<u>\$ (1,470,897)</u>	<u>\$ 3,194,317</u>	<u>\$ 937,231</u>

Significant details regarding outstanding long-term debt (including current portion) are presented below:

PRIMARY GOVERNMENT

Installment Purchase Agreement

\$500,000 Animal Shelter Installment Purchase Agreement, dated May 17, 2010, due in annual installments of \$50,000 through August 1, 2019, with interest of 4.60 percent, payable semi-annually.

\$ 250,000

Compensated Absences

In accordance with County personnel policies and/or contracts negotiated with various employee groups of the County, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$663,739 for vacation and sick at December 31, 2014, \$331,870 has been recorded as a current liability, and \$331,869 has been reported as a noncurrent liability.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE G: LONG-TERM DEBT - CONTINUED**

COMPONENT UNIT - DRAINAGE DISTRICTS

Drain Notes

The County has irrevocably pledged its full faith and credit as collateral for the following drain notes. These projects are administered by the Ionia County Drain Commission for various local drainage districts. The drain notes were issued to finance the various Construction Funds for the purpose of paying costs in connection with various drainage district projects and are payable out of assessments to be made against the benefited properties.

Notes payable at December 31, 2014, per respective Drain projects serviced from the Component Unit Debt Service Funds are as follows:

Various drain notes due in various annual installments and interest rates through 2024. \$ 1,831,596

COMPONENT UNIT - ROAD COMMISSION

Installment Loan

In March 2013, the Road Commission borrowed \$135,000. The loan is payable with the second annual installment of \$68,167, including interest of 1.97%. \$ 68,167

In February 2014, the Road Commission borrowed \$226,000. The loan is payable over 10 semi-annual installments, including interest of 2.50%. \$ 204,636

Compensated Absences

In accordance with County Road Commission personnel policies and/or contracts negotiated with various employee groups of the County Road Commission, individual employees have vested rights upon termination of employment to receive payment for unused vacation and sick leave under formulas and conditions specified in their respective personnel policies and/or contracts. The dollar amount of these vested rights, including related payroll taxes, amounted to \$147,268 and \$18,911 for vacation and sick, respectively, at December 31, 2014. This amount, \$166,179, has been reported as a noncurrent liability.

Retiree Life Insurance Liability

During 1995, the Road Commission elected to become self-insured with respect to retirees' life insurance benefits, as it relates to existing retirees. Employees who retire from the Road Commission after 1995 are no longer granted life insurance at retirement, through contract negotiations. However, employees who retired prior to the effective date of the current employee contract were granted life insurance coverage upon retirement. The Road Commission decided not to continue paying the premiums on the existing policies and to pay the death benefits from future resources. Accordingly, a liability for retirees' life insurance benefits was recorded in the government-wide financial statements in the amount of \$10,000, which represents the maximum remaining amount of death benefits to be paid to beneficiaries.

Ionia County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE G: LONG-TERM DEBT - CONTINUED**

The annual requirements to pay the debt principal and interest outstanding for the above Bonds, Notes, and Installment Purchase Agreement are as follows:

PRIMARY GOVERNMENT

<u>December 31,</u>	<u>Installment Purchase Agreement</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 50,000	\$ 11,500
2016	50,000	9,225
2017	50,000	6,900
2018	50,000	4,600
2019	50,000	2,300
	<u>\$ 250,000</u>	<u>\$ 34,525</u>

COMPONENT UNITS

<u>Year Ending December 31,</u>	<u>Drainage District Drain Notes</u>		<u>Road Commission Installment Loan</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 443,629	\$ 57,580	\$ 111,732	\$ 6,200
2016	359,396	42,263	44,660	3,749
2017	299,408	31,544	45,784	2,625
2018	200,716	22,637	46,936	1,474
2019	177,903	15,847	23,691	295
2020-2024	350,544	24,438	-	-
	<u>\$ 1,831,596</u>	<u>\$ 194,309</u>	<u>\$ 272,803</u>	<u>\$ 14,343</u>

**NOTE H: CONDUIT DEBT**

To provide for the construction and maintenance of the Water and Sewer at the City of Ionia, the County has assisted with nine (9) bond issuances on behalf of the City of Ionia. The bonds are paid by the City and not a general obligation of the County. The bonds, \$19,770,000 as of December 31, 2014, are not reflected in the County's financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM**

PRIMARY GOVERNMENT (EXCLUDING SHERIFF DEPARTMENT AND CENTRAL DISPATCH)

Plan Description

The County participates in the County of Ionia Pension Plan, a single employer defined benefit pension plan that covers all employees of the County except the Sheriff's Department and Central Dispatch. The plan provides retirement, disability and death benefits to members and their beneficiaries. The County of Ionia Pension Plan issues a publicly available financial report which may be obtained by writing to the County of Ionia, 100 West Main Street, Courthouse, Ionia, Michigan 48846.

At December 31, 2014, Retirement Plan membership consisted of the following:

Inactive plan members receiving benefits	46
Inactive members entitled to, not yet receiving benefits	32
Inactive not vested members	17
Active plan members	<u>113</u>
	<u><u>208</u></u>

Benefits Provided

For active participants in the plan: 1.5% of average monthly compensation multiplied by the number of years of credited benefit service.

Normal Retirement

The normal retirement date of a participant will be on the first day of the month coincident with or next following the date of participant attains age 65, or if later, the age of the participant on the fifth anniversary of continuous employment of the date the participant commenced participation in the Plan.

Contributions

Article 9, Section 24 of the Regulations of the State of Michigan constitution requires the financial benefits arising on account of service rendered each year be funded during that year. The County retains an actuary to determine the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. Employer contributions are based on the 20-year contribution divided by the total expected valuation payroll. This percentage is contributed each payroll based on the participant salaries for that payroll period. Each active participant in the eligible class will make a participant contribution equal to 3% of compensation during each month that the participant is in the eligible class.

Investment Policy

Currently, Milestone Wealth Management manages the plan assets based on the direction of the County of Ionia Pension Committee. The following was the County's adopted asset allocation policy as of December 31, 2014:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity	36%
International Equity	13%
Fixed Income	39%
Cash	6%
Real estate	6%

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

PRIMARY GOVERNMENT (EXCLUDING SHERIFF DEPARTMENT AND CENTRAL DISPATCH) - CONTINUED

Concentrations

The retirement plan held investments (other than those issued or explicitly guaranteed by the U.S. government) in the following organizations that represent 5% or more of the retirement plan's fiduciary net position:

<u>Investment</u>	<u>Percent of Total Market Value</u>
Prime Fund Capital Reserves Class	8.6%
IShare 1-3 Year Credit Bond ETF	12.2%
Templeton Global Income Fixed Income Delaware	5.5%
Vanguard Index FDS Vanguard Growth	6.6%
Vanguard Index FDS Vanguard Mid Cap	6.2%
Vanguard Index FDS Vanguard Small Cap	5.7%
Vanguard Index FDS Vanguard Value Vipers	7.6%
Vanguard Scottsdale FDS Intermediate	8.1%
Vanguard Whitehall FDS High Dividend	6.7%

Rate of Return

For the year ended December 31, 2014, the annual money-weighted rate of return on retirement plan investment, net of retirement plan investment expense, was 5.9%. The money-weighted rate of return expresses investment performance, net of investment expense.

Annual Pension Cost

For the year ended December 31, 2014 the County's annual pension cost of \$439,933 for the plan was equal to the County's required contribution. The estimated annual required contribution was determined as part of an actuarial valuation at January 1, 2013 using the Entry Age Normal cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 6.13% and (2) projected salary increases of 3% per year compounded annually, attributable to inflation.

Funded Status

The funded status of the Plan as of December 31, 2013, the date of the most recent valuation, was as follows:

Actuarial value of assets	\$ 7,655,847
Actuarial accrued liability (AAL) (entry age)	9,107,693
Unfunded AAL	1,451,846
Funded ratio	84%
Covered payroll	4,264,670
UAAL as a percentage of covered payroll	34%

Ionia County, Michigan  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

PRIMARY GOVERNMENT (EXCLUDING SHERIFF DEPARTMENT AND CENTRAL DISPATCH) - CONTINUED

Three (3) year trend information

	Year Ended December 31,		
	2012	2013	2014
Annual pension cost (APC)	\$ 294,420	\$ 308,265	\$ 439,933
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

Net Pension Liability of the County

	<u>2014</u>
CHANGES IN TOTAL PENSION LIABILITY	
Service Cost	\$ 561,305
Interest	562,638
Benefit payments, including refunds of member contributions	<u>(335,864)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	788,079
TOTAL PENSION LIABILITY, BEGINNING	<u>12,113,543</u>
TOTAL PENSION LIABILITY, ENDING (A)	<u><u>\$12,901,622</u></u>
CHANGES IN PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 438,821
Contributions - member	129,391
Net investment income	503,657
Benefit payments, including refunds of member contributions	(335,864)
Administrative expenses	<u>(34,662)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	701,343
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>7,889,590</u>
PLAN FIDUCIARY NET POSITION, ENDING (B)	<u><u>\$ 8,590,933</u></u>
COUNTY'S NET PENSION LIABILITY, ENDING (A)-(B)	<u><u>\$ 4,310,689</u></u>
Plan fiduciary net position as a percentage of the total pension liability	66.59%
Covered-employee payroll	\$ 4,464,260
County's net pension liability as a percentage of covered-employee payroll	96.56%

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

## PRIMARY GOVERNMENT (EXCLUDING SHERIFF DEPARTMENT AND CENTRAL DISPATCH) - CONTINUED

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2014, using updating procedures and the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Amortization method	30-year amortization of unfunded Entry Age Normal liability
Remaining amortization period	Future service of active employees
Asset valuation method	25% market value plus 75% expected value
Inflation	0.00%
Cost of living assumption adjustments	None
Salary increases	3.00%
Investment rate of return	6.13%
Mortality rates	IRS 2014 Non-annuitant and 2014 Annuitant tables

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on retirement plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of retirement plan investment expense 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. Best estimates of arithmetic real rates of return for each major asset class included in the retirement plan's target asset allocation as of December 31, 2014 (see the discussion of the retirement plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36%	8.11%
International Equity	13%	5.96%
Fixed Income	39%	4.71%
Cash	6%	1.50%
Real estate	6%	8.50%

The sum of target allocations times long term expected rates is 6.13%.

Discount Rate

The discount rate used to measure the Total Pension Liability was 4.71%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the most recent recommended contribution expressed as a percentage of covered payroll. Based on those assumptions, the retirement plan's fiduciary net position was not projected to be sufficient to make all 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 Pension Liability. December 31, 2014 is the first year of required compliance with GASB 67, so there is no required discount rate change to disclose.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

## PRIMARY GOVERNMENT (EXCLUDING SHERIFF DEPARTMENT AND CENTRAL DISPATCH) - CONTINUED

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (NPL) of the County, calculated using the discount rate of 4.71%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% percentage point lower (3.71%) or 1 percentage point higher (5.71%) than the current rate:

	1% Decrease	Current Discount	1% Increase
County's net pension liability	<u>\$ 6,124,410</u>	<u>\$ 4,310,690</u>	<u>\$ 2,800,219</u>

## SHERIFF DEPARTMENT AND CENTRAL DISPATCH

Plan Description

The County participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public employee retirement system for its Sheriff Department and Central Dispatch employees. MERS is authorized and operated under State law, Act 135 of Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917.

Annual Pension Cost

For the year ended December 31, 2014 the County's annual pension cost of \$275,621 for the plan was equal to the County's required contribution. The estimated annual required contribution was determined as part of an actuarial valuation at December 31, 2012 using the entry actual age cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, and (3) additional projected salary increases ranging from 0.0% to 8.4% per year, depending on age, attributable to seniority/merit. The employer contribution rate has been determined based on the entry age normal cost funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to amortize the unfunded actuarial accrued liability over 25 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his or her projected benefit.

	As of December 31,		
	2011	2012	2013
Actuarial value of assets	\$ 5,526,579	\$ 6,049,044	\$ 6,685,821
Actuarial accrued liability (AAL) (entry age)	6,643,612	7,170,879	7,841,316
Unfunded AAL	1,117,033	1,121,835	1,155,495
Funded ratio	83%	84%	85%
Covered payroll	2,794,974	2,757,108	2,836,466
UAAL as a percentage of covered payroll	40%	41%	41%

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

SHERIFF DEPARTMENT AND CENTRAL DISPATCH - CONTINUED

Three (3) year trend information - continued

	Year Ended December 31,		
	2012	2013	2014
Annual pension cost	\$ 243,131	\$ 264,035	\$ 275,621
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-

This trend information was obtained from the most recently issued actuarial reports.

COMPONENT UNIT - ROAD COMMISSION

Plan Description

The Commission participates in the Michigan Municipal Employees Retirement System (MERS), an agent multiple employer public retirement system. MERS is authorized and operated under State law, Act 135 of the Public Acts of 1945, as amended. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at 1134 Municipal Way, Lansing, Michigan 48917. All full-time employees are covered by the retirement system.

Funding Policy

The plan adopted by the Board of Commissioners requires all employees to contribute 5% of their annual compensation. The Road Commission is required to contribute at an actuarially determined rate; the weighted average rate for 2014 was 35.09% for all employees. The contribution requirements of the Road Commission are established by Act No. 27 of the Public Acts of 1984, as amended, and may be amended by the Retirement Board of MERS. The contribution requirements of plan members are established and may be amended by the Board of County Road Commissioners.

Annual Pension Cost

During the calendar year ended December 31, 2014, the Road Commission's annual pension cost totaling \$651,126 was \$16,364 less than the required contribution and \$196,811 less than actual contributions. The required contribution was determined as part of the December 31, 2011 actuarial valuation using the entry age actuarial cost method. Actual required contributions are based on actual reported monthly payroll. Significant actuarial assumptions used in determining the pension benefit obligation include (1) a rate of return on the investment of present and future assets of 8.0%, (2) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (3) additional projected salary increases ranging from 0.0% to 8.40% per year, depending on age, attributable to seniority/merit and (4) the assumption that benefits will increase 2.5% per year after retirement, for persons under Benefit E-1 or E-2. The actuarial value of MERS assets was determined using techniques on a basis of evaluation method that assumes the funds earn the expected rate of return and includes as an adjustment to reflect market value. Unfunded actuarial accrued liabilities are amortized as a level percent of payroll over a period of 25 years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE I: EMPLOYEE RETIREMENT SYSTEM - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

THREE-YEAR TREND INFORMATION

Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (Asset)
2012	\$ 543,425	132%	\$ (531,554)
2013	566,229	150%	(818,309)
2014	651,126	131%	(1,015,120)

SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 5,278,435	\$ 13,773,777	\$ 8,495,342	38%	\$ 1,712,771	496%
12/31/12	5,562,792	14,141,681	8,578,889	39%	1,708,942	502%
12/31/13	6,088,957	14,800,522	8,711,565	41%	1,788,822	487%

**NOTE J: CONTINGENT LIABILITIES**

There are various legal actions pending against the County. Due to the inconclusive nature of many of the actions, it is not possible for legal counsel to determine the probable outcome or a reasonable estimate of the County's potential liability, if any. Those actions for which a reasonable estimate can be determined of the County's potential liability and that would not be covered by insurance and reserves, if any, could be material to the County.

**NOTE K: ROAD COMMISSION FEDERAL GRANTS**

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the fiscal year ended December 31, 2014, the Federal aid received and expended by the Ionia County Road Commission was \$3,074,666 for contracted projects and \$187,166 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT. The contracted Federal projects are not subject to single audit requirements by the road commissions, as they are included in MDOT's single audit. Negotiated projects are defined as projects performed by Road Commission employees or private contractors paid for and administered by the Road Commission. Due to these facts, all of these funds have been excluded from the County's Single Audit, which is presented under separate cover.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE L: RISK MANAGEMENT**

**PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)**

The County participates in a pool, the Michigan Counties Workers' Compensation Fund, with other municipalities for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The County has no liability for additional assessments based on the claims filed against the pool nor do they have any right to dividends.

The County is a voluntary member of the Michigan Municipal Risk Management Authority which is organized under Public Act 138 of 1982, as amended as a governmental group self-insurance pool. Public Act 138 authorizes local units of government to exercise jointly any power, privilege, or authority which each might exercise separately. The Authority administers a risk management fund providing Ionia County with loss protection for general liability, vehicle physical damage, property damage, and losses due to crime.

The administration of the Authority is directed by a nine (9) member Board of Directors composed of municipal representatives from the membership elected by the membership. The Board establishes the general policy of the Authority, creates and publishes rules to be followed by the Manager and Board, and is empowered with the authority to impose sanctions or terminate membership. The County, by resolution of the County Board of Commissioners, has designated a representative to the Authority to be responsible for the execution of all loss control measures, to ensure the payment of all annual and supplementary or other payment requirements, to ensure the filing of all required reports, and to act as a liaison between the County and the Authority.

The Authority provides risk management, underwriting, reinsurance, and claim services with member contributions allocated to meet these obligations. The Authority administers a risk management fund providing Ionia County with loss protection for general and auto liability, and property damage. Under most circumstances the County's maximum loss per occurrence is limited as follows:

<u>Type of Risk</u>	<u>Maximum Retention Per Occurrence</u>
General liability	\$ 150,000
Vehicle physical damage coverage	15,000

The Authority has established a Retained Risk Program to pay losses incurred by members that exceed individual retention levels and are not covered under existing reinsurance agreements. Losses incurred within the established limits are general obligations of the Authority. In the event that losses are incurred in excess of the resources available, the Authority as a whole (i.e., all constituent municipalities) is liable for the excess. The Authority may authorize dividends to individual members in the event that the members and individual fund balance is determined to be sufficient to do so.

In addition, the Authority has accumulated resources to create and fund an Internal Stop Loss Fund. The Stop Loss Fund was initiated to eliminate the need to purchase aggregate reinsurance for aggregate losses paid in excess of \$210,000 net of reinsurance for any one (1) member in any one (1) year. Aggregate paid losses in excess of \$210,000 net of reinsurance recoveries are paid entirely from the Internal Stop Loss Fund. If at any time the Stop Loss Fund resources are insufficient to fund losses, the remaining liability shall become the responsibility of the Authority as a whole.

At December 31, 2014, the County had a balance of \$199,577 with the Authority in the Member Retention Funds. The Authority's reported reserves at December 31, 2014 for reported claims related to the County were \$178,794.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE L: RISK MANAGEMENT - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION

The Road Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission has purchased commercial insurance for healthcare claims.

The Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool (Pool). The Michigan County Road Commission Self-Insurance Pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. The Pool provides loss coverage includes, but is not limited to, general liability, auto, property insurance, stop loss protection, errors and omissions, trunkline liability and an umbrella policy. The amount the Road Commission pays annually is determined by the Administrator of the Pool and is based on miles of roads, population, and prior claim history of the Road Commission. The Road Commission's exposure is limited to \$1,000 per claim; all other risk is transferred to the Pool. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past five (5) fiscal years.

The Road Commission is a member of the County Road Association Self-Insurance Fund for workers' compensation claims. As a member of the fund, the Road Commission is fully insured for workers' compensation claims incurred.

**NOTE M: PROPERTY TAXES AND TAXES RECEIVABLE**

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The County's summer 2014 ad valorem taxes for County general operating purposes were levied and collectible on July 1, 2014. It is the County's policy to recognize revenues from the tax levy in the year when the proceeds of the levy are budgeted and made available for the financing of County operations. As a result, the County's summer 2014 tax levy has been recognized as revenue in the current fiscal year. The 2014 taxable value of Ionia County amounted to \$1,491,419,830 on which ad valorem taxes levied for County general operating purposes consisted of 4.6434 mills.

The Ionia County Commission on Aging continues to levy taxes in December. The 2013 taxable value of Ionia County amounted to \$1,495,878,300 on which the Ionia County Commission on Aging has levied .3750 mills for services related to the aging within the County.

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased at face value the real property taxes receivable returned delinquent on March 1, 2014. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the Delinquent Tax Revolving Fund. This activity is accounted for in the Delinquent Tax Revolving (Enterprise) Fund.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE N: DETAILS OF FUND BALANCE CLASSIFICATIONS**

GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The following are the five (5) fund balance classifications under this standard.

*Nonspendable* - 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. This is determined by the governing body, the budget or finance committee or a delegated municipality official.

*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, the Ionia County's highest level of decision-making authority is the Board of Commissioners. The formal action that is required to be taken to establish (and modify or rescind) a fund balance commitment is a Board Resolution.

For assigned fund balance, Board of Commissioners is authorized to assign amounts to a specific purpose.

The Ionia County has not adopted a policy that defines the order of usage for fund balance amounts classified as restricted, committed, assigned, or unassigned. In the absence of such a policy, resources with the highest level of restriction will be used first.

Ilion County, Michigan

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE N: DETAILS OF FUND BALANCE CLASSIFICATIONS - CONTINUED**

	General Fund	Friend of the Court	Public Health	Commission on Aging	Nonmajor Governmental Funds	Total
Fund Balances						
Nonspendable						
Inventory	\$ -	\$ -	\$ -	\$ 3,929	\$ -	\$ 3,929
Advances	18,250	-	-	-	-	18,250
Prepays	6,573	-	-	-	-	6,573
Perpetual Care	-	-	-	-	291,738	291,738
Restricted for:						
Resource Recovery	-	-	-	-	249,774	249,774
Building Inspection	-	-	-	-	78,020	78,020
Register of Deed Automation	-	-	-	-	149,153	149,153
Central Dispatch	-	-	-	-	598,443	598,443
Community Corrections	-	-	-	-	14,129	14,129
Drug Forfeiture	-	-	-	-	28,973	28,973
Corrections Training	-	-	-	-	2,536	2,536
Vehicle Forfeiture	-	-	-	-	3,322	3,322
Sobriety Court	-	-	-	-	160,471	160,471
Special Investigative	-	-	-	-	10,585	10,585
Law Library	-	-	-	-	14,753	14,753
Community Development Block Grant	-	-	-	-	31,766	31,766
OCYS Basic Grant	-	-	-	-	230	230
Juvenile Accountability Block Grant	-	-	-	-	565	565
Human Services	-	-	-	-	7,107	7,107
Soldiers and Sailors Relief	-	-	-	-	824	824
Veterans' Trust	-	-	-	-	6,270	6,270
Courts Security	-	-	-	-	623	623
Health Building Debt	-	-	-	-	72,849	72,849
Animal Shelter Building Project	-	-	-	-	554	554
Johnson Road Improvement	-	-	-	-	187	187
Public Health	-	-	878,250	-	-	878,250
Substance abuse services	82,753	-	-	-	-	82,753
Commission on Aging	-	-	-	42,526	-	42,526
Committed to:						
PTO Accrual	665,700	574	61,718	-	117,900	845,892
Facilities	2,192,500	-	-	-	-	2,192,500
Medicaid	-	-	355,000	-	-	355,000
Assigned to:						
Public Health	-	-	184,179	-	-	184,179
Capital Improvements	470,303	-	-	-	-	470,303
Designated Contributions	-	-	-	-	123,427	123,427
Unassigned	2,299,538	-	-	-	(9,269)	2,290,269
TOTAL FUND BALANCES	<u>\$ 5,735,617</u>	<u>\$ 574</u>	<u>\$ 1,479,147</u>	<u>\$ 46,455</u>	<u>\$ 1,954,930</u>	<u>\$ 9,216,723</u>

**NOTE O: OTHER POST-EMPLOYMENT BENEFITS**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION)

In addition to providing pension benefits, the County provides certain health care benefits in accordance with union agreements and/or personnel policies to employees who have retired. The County allows access to retirees to participate in the County's medical plan. For most retirees this is for the age 60 or 55 with 25 years of service. The pay as you go system of funding is used for the county portion of expense paid through the General Fund. Expenditures for post-employment health care benefits are recognized when claims are paid. During the year, expenditures of \$44,238 were recognized for post-employment health care. The following are the Governmental Accounting Standards Board Statement No. 45 required disclosures and these disclosures have been implemented prospectively by the County.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE O: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

The plan does not issue a separate stand-alone financial statement.

Funding Policy

The County has no obligation to make contributions in advance of when the insurance premiums are due for payment (i.e., may be financed on a "pay-as-you-go" basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the County.

Funding Progress

For the year ended December 31, 2014, the County has determined an estimated cost of providing retiree post-employment benefits through an actuarial valuation as of December 31, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 25 years.

The County's computed contribution and actual funding is summarized as follows:

Annual required contribution (ARC)	\$ 117,394
Interest on net OPEB obligation	11,154
ARC adjustment	<u>(5,724)</u>
Annual OPEB cost	122,824
Amounts contributed:	
Payments of current premiums (Gross of employee reimbursement)	<u>(44,238)</u>
Increase in net OPEB obligation	78,586
Net OPEB obligation - Beginning of year	<u>278,842</u>
Net OPEB obligation - End of year	<u>\$ 357,428</u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the years ended December 31 were as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual OPEB cost	\$ 110,415	\$ 114,338	\$ 122,824
Percentage contributed	52%	64%	36%
Net OPEB obligation	\$ 237,450	\$ 278,842	\$ 357,428

This trend information was obtained from the most recently issued actuarial reports.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE O: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

## PRIMARY GOVERNMENT AND COMPONENT UNITS (EXCEPT ROAD COMMISSION) - CONTINUED

Funding Progress - continued

The current funding progress of the plan as of the last three (3) valuation dates, are as follows:

	2008	December 31, 2011	2013
Actuarial value of assets	\$ -	\$ -	\$ -
Actuarial accrued liability (AAL)	1,120,217	1,347,714	1,294,753
Unfunded AAL (UAAL)	1,120,217	1,347,714	1,294,753
Funded ratio	0%	0%	0%

Information related to funding progress with multiyear trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented since there currently are no plan assets.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of potential occurrences of certain events in the future. Examples include assumption about future employment, mortality, healthcare costs trends, inflation, etc. Amounts determined regarding the funded status of the plan and the annual required contributions of the County are subject to constant changes and modifications as actual results are compared with past expectations and new estimates and assumptions are made about the future.

Projections of retiree benefits for financial reporting purposes are based on current plan activities as it is handled by the County and the benefits are received by the eligible plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the County and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The UAAL is being amortized as a level dollar, closed, over a period of 25 years. A 30-year amortization period for unfunded actuarial accrued liabilities is the maximum period that complies with GASB requirements.

## COMPONENT UNIT - ROAD COMMISSION

Plan Description

In addition to the pension benefits described in Note I, the Ionia County Road Commission provides post-employment health care to eligible employees and their spouses who retire from the Road Commission on or after attaining retirement age with at least ten (10) or twenty (20) years of service, depending on position. This is a single employer defined benefit plan that is administered by the Road Commission. 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.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE O: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Funding Policy

The collective bargaining agreements require the Road Commission to pay the insurance premium/claim costs of the retiree and spouse until death. The Road Commission obtains healthcare coverage for retirees through private insurers. Upon eligibility for Medicare, the Road Commission pays costs for group Medicare Advantage coverage. 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).

Annual OPEB Cost and Net OPEB Obligation

The Road Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The Road Commission has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For the year ended December 31, 2014, the Road Commission estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of December 31, 2011. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. This valuation's computed contribution and actual funding are summarized as follows:

Annual required contribution (recommended)	\$ 399,191
Interest on the prior year's net OPEB obligation	70,197
Less adjustment to the annual required contribution	<u>(230,802)</u>
Annual OPEB cost	238,586
Amounts contributed:	
Payments of current premiums	<u>(244,385)</u>
(Decrease) in net OPEB obligation	(5,799)
Net OPEB obligation - Beginning of year	<u>1,002,821</u>
Net OPEB obligation - End of year	<u><u>\$ 997,022</u></u>

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the years ended December 31 were as follows:

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Annual OPEB cost	\$ 257,833	\$ 244,172	\$ 238,586
Percentage contributed	67%	85%	103%
Net OPEB obligation	\$ 967,942	\$ 1,002,821	\$ 997,022

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE O: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Annual OPEB Cost and Net OPEB Obligation - continued

The funding progress of the plan as of December 31, 2011, the most recent valuation date, is as follows:

Actuarial value of assets	\$ 105,731
Actuarial accrued liability (AAL)	4,888,349
Unfunded AAL (UAAL)	4,782,618
Funded ratio	2.2%
Annual covered payroll - 12/31/11	\$ 1,700,070
Ratio of UAAL to covered payroll	281%

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 the actuarial value of the plan.

Methods and Assumptions

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

Retirement age for active employees - Based on historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or at the first subsequent year in which the member would qualify for benefits.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the United States Social Security Administration. The 2004 Period Life Table for males and females was used.

Turnover - Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 6.6% initially, with gradual increases to 6.7% through 2013, leveling to an ultimate rate of 6.65% after six (6) years was used.

Healthcare premiums - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE O: OTHER POST-EMPLOYMENT BENEFITS - CONTINUED**

COMPONENT UNIT - ROAD COMMISSION - CONTINUED

Methods and Assumptions - continued

**Inflation rate** - The expected long-term inflation assumption of 3.0% was based on projected changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in The 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds for an intermediate growth scenario.

**Payroll growth rate** - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

In the December 31, 2011 actuarial valuation, the entry age cost method was used. The actuarial assumptions included a 7.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and the employer's own investments calculated based on the funded level of the plan and the valuation date. As the Road Commission commences funding of the plan, the actuarial value of assets will be determined using techniques that spread the effects of short-term volatility in the market value of investments over a multiple-year period. The UAAL is being amortized as a level percentage of projected payroll on a closed 30-year basis. The remaining amortization period at December 31, 2011 was 29 years.

**NOTE P: RESTRICTED NET POSITION**

Restrictions of net position shown in the government-wide financial statements indicate restrictions imposed by the funding source or some other outside source with precludes their use for unrestricted purposes. The following are the various net position restrictions as of December 31, 2014:

Governmental activities

Restricted for:

Other purposes:

Register of Deeds Automation	\$ 149,153
Resource Recovery	249,774
Building Inspection	78,020
Central Dispatch	598,443
Community Corrections	14,129
Drug Forfeiture	28,973
Corrections Training	2,536
Vehicle Forfeiture	3,322
Sobriety Court	160,471
Special Investigative	10,585
Law Library	14,753
Community Development Block Grant	31,766
OCYS Basic Grant	230
Juvenile Accountability Block Grant	565
Human Services	7,107
Soldiers and Sailors Relief	824
Veterans' Trust	6,270
Courts Security	623
Health Building Debt	68,057
Animal Shelter Building Project	554

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

**NOTE P: RESTRICTED NET POSITION - CONTINUED**

Governmental activities - continued

Restricted for:

Other purposes:

Johnson Road Improvement	\$ 187
Cemetery Perpetual Care - Nonexpendable	291,738
Public Health	878,250
Substance Abuse Services	82,753
Commission on Aging	46,455
	<u>\$ 2,725,538</u>

**NOTE Q: CHANGE IN ACCOUNTING PRINCIPLES**

During the current year, the County adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the pension footnote have changed considerably along with the related schedules in the required supplementary information.

**NOTE R: UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The statement requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). 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 financial statements for the County's 2015 fiscal year.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. The statement addresses an issue regarding the application of the transition provisions of GASB Statement No. 68 and amends paragraph 137 of GASB Statement No. 68 and requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of GASB Statement No. 68. The County is currently evaluating the impact this standard will have on the financial statements when adopted during the 2015 fiscal year.

In March 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The County is currently evaluating the impact this standard will have on the financial statements when adopted for the 2016 fiscal year.

**NOTE S: DEFICIT FUND BALANCE**

The Cemetery Perpetual Care Fund had a deficit as of December 31, 2014. As a result, a deficit elimination plan is required to be developed and filed with the Michigan Department of Treasury.

## **REQUIRED SUPPLEMENTARY INFORMATION**

Ionía County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES (NON-GAAP BASIS)

Year Ended December 31, 2014

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Current and delinquent property taxes	\$ 6,846,314	\$ 6,846,314	\$ 6,788,560	\$ (57,754)
Mobile home park taxes	4,500	5,200	5,245	45
Total taxes	6,850,814	6,851,514	6,793,805	(57,709)
Licenses and permits				
Pistol permits	18,000	18,000	9,525	(8,475)
Dog licenses	180,000	120,000	121,866	1,866
Total licenses and permits	198,000	138,000	131,391	(6,609)
Intergovernmental - Federal/State				
Emergency management	28,800	28,800	33,729	4,929
Homeland security	32,100	32,100	390	(31,710)
Cooperative reimbursement - Prosecutor	71,941	71,941	69,739	(2,202)
Probate judge's salary	148,200	148,200	148,997	797
Circuit judge's salary	94,200	94,200	91,223	(2,977)
District judge's salary	45,800	45,800	45,724	(76)
Juvenile officer	27,300	27,300	27,317	17
Juvenile transportation	16,600	16,600	9,380	(7,220)
Inmate trial	45,000	52,700	59,807	7,107
Court equity	280,000	280,000	269,164	(10,836)
Jury fees	15,500	30,500	27,935	(2,565)
Victim's Rights Act	60,628	64,128	79,519	15,391
Sheriff secondary road patrol	67,410	69,657	77,972	8,315
Marine safety	-	2,281	4,340	2,059
Remonumentation	39,957	60,511	60,511	-0-
Liquor law enforcement	212,112	212,622	294,795	82,173
Byrne grant	20,456	20,456	17,883	(2,573)
State revenue sharing	908,229	908,229	1,014,933	106,704
Other	16,000	16,000	15,816	(184)
Total intergovernmental - Federal/State	2,130,233	2,182,025	2,349,174	167,149

Ionía County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES (NON-GAAP BASIS) - CONTINUED

Year Ended December 31, 2014

	Budgeted Amounts			Variances with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES - CONTINUED				
Charges for services				
Circuit Court	\$ 124,000	\$ 94,000	\$ 88,232	\$ (5,768)
District Court	692,500	599,300	594,158	(5,142)
Probate Court	23,900	25,900	21,021	(4,879)
County Treasurer	5,000	5,000	17,101	12,101
County Clerk	81,800	81,800	75,509	(6,291)
Register of Deeds	305,000	322,000	329,759	7,759
Prosecuting attorney	22,400	24,600	8,306	(16,294)
Drain Commissioner	7,000	7,000	6,087	(913)
Juvenile Court	29,000	29,000	18,674	(10,326)
Sheriff Department	222,000	222,000	219,343	(2,657)
Jail	46,300	68,900	72,242	3,342
Equalization	4,000	4,000	3,008	(992)
Abstract department	23,000	23,000	16,865	(6,135)
Animal control	15,000	15,000	13,135	(1,865)
Other	6,000	11,500	7,792	(3,708)
Total charges for services	1,606,900	1,533,000	1,491,232	(41,768)
Fines and forfeits				
Bond forfeitures	15,000	15,000	9,282	(5,718)
Ordinance fines and costs	115,000	115,000	104,924	(10,076)
Total fines and forfeits	130,000	130,000	114,206	(15,794)
Interest and rents				
Interest on investments	19,000	9,000	6,869	(2,131)
Rents	204,100	130,200	134,349	4,149
Total interest and rents	223,100	139,200	141,218	2,018
Other				
Reimbursements and refunds	547,000	616,800	809,486	192,686
Other	409,440	416,540	266,010	(150,530)
Total other	956,440	1,033,340	1,075,496	42,156
TOTAL REVENUES	12,095,487	12,007,079	12,096,522	89,443

Ionia County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - REVENUES AND  
OTHER FINANCING SOURCES (NON-GAAP BASIS) - CONTINUED

Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES				
Transfers in				
Central Dispatch	\$ 72,570	\$ 72,570	\$ 65,683	\$ (6,887)
Resource Recovery	6,999	6,999	6,321	(678)
Child Care	42,513	42,513	41,591	(922)
Building Inspection	35,870	35,870	31,503	(4,367)
Register of Deeds Automation	10,000	10,000	10,000	-0-
Airport	10,744	10,744	12,799	2,055
TOTAL OTHER FINANCING SOURCES	178,696	178,696	167,897	(10,799)
TOTAL REVENUES AND OTHER FINANCING SOURCES	12,274,183	\$ 12,185,775	\$ 12,264,419	\$ 78,644

Ionia County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY (NON-GAAP BASIS)

Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Current				
General government				
Board of Commissioners	\$ 89,688	\$ 88,703	\$ 85,396	\$ 3,307
Circuit Court	628,701	661,501	670,028	(8,527)
District Court	1,003,604	1,011,904	1,030,473	(18,569)
Probate Court	505,703	497,203	466,516	30,687
Juvenile Court	394,477	383,802	377,068	6,734
County Administrator	186,875	195,800	194,830	970
Finance	217,016	222,216	224,596	(2,380)
Clerk	257,886	264,711	263,473	1,238
Data processing	330,375	371,475	378,187	(6,712)
Treasurer	197,673	206,123	195,899	10,224
Equalization	158,645	106,567	110,078	(3,511)
Cooperative extension	104,687	106,862	108,766	(1,904)
Elections	119,000	119,000	112,906	6,094
Courthouse and grounds	789,646	816,046	830,302	(14,256)
Prosecuting Attorney	659,803	675,813	673,201	2,612
Register of Deeds	138,244	141,379	140,680	699
Abstract	42,514	45,614	44,932	682
Remonumentation	39,957	60,511	60,511	-0-
Fleet maintenance	44,084	44,084	41,489	2,595
Communications	21,220	21,720	20,465	1,255
Other	28,550	34,450	35,793	(1,343)
Total general government	5,958,348	6,075,484	6,065,589	9,895
Public safety				
Sheriff	1,675,581	1,707,581	1,726,882	(19,301)
CMET	80,696	80,696	79,660	1,036
Secondary Road Patrol	85,112	85,112	77,634	7,478
Marine safety	-	5,107	4,762	345
Emergency services	60,900	60,900	58,779	2,121
Jail	2,216,748	2,198,273	2,147,367	50,906
Animal control	209,182	231,032	218,397	12,635
Total public safety	4,328,219	4,368,701	4,313,481	55,220
Public works				
Drain commissioner	167,470	184,070	183,748	322
Department of public works	1,170	1,170	47	1,123
Drains at large	110,000	110,000	116,337	(6,337)
Total public works	278,640	295,240	300,132	(4,892)

Ionia County, Michigan

General Fund

BUDGETARY COMPARISON SCHEDULE - EXPENDITURES AND  
OTHER FINANCING USES BY ACTIVITY (NON-GAAP BASIS) - CONTINUED

Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES - CONTINUED				
Current - continued				
Health and welfare				
Substance abuse	\$ 101,056	\$ 101,056	\$ 121,436	\$ (20,380)
Medical examiner	70,500	70,500	74,290	(3,790)
Veterans	31,530	31,530	26,644	4,886
Aging	2,097	2,097	2,097	-0-
Mental Health	163,000	163,000	163,000	-0-
Health plan	134,000	58,300	58,279	21
Social Welfare	7,500	7,500	6,927	573
Total health and welfare	509,683	433,983	452,673	(18,690)
Community and economic development				
Economic development	17,100	17,100	17,100	-0-
Recreation and cultural				
Parks and Recreation department	141,078	141,853	140,900	953
Other				
Other	5,000	7,150	7,138	12
Insurance and bonds	382,000	382,000	362,389	19,611
Record copy	58,000	58,500	52,005	6,495
Total other	445,000	447,650	421,532	26,118
TOTAL EXPENDITURES	11,678,068	11,780,011	11,711,407	68,604
OTHER FINANCING USES				
Transfers out				
Public Health	284,000	284,000	184,179	99,821
Friend of the Court	5,000	5,000	27,464	(22,464)
Law Library	3,000	3,000	3,000	-0-
Soldiers and Sailors relief	10,000	10,000	20,000	(10,000)
Child Care	587,332	587,332	587,332	-0-
Court security	45,990	63,355	72,355	(9,000)
TOTAL OTHER FINANCING USES	935,322	952,687	895,046	57,641
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 12,613,390</u>	<u>\$ 12,732,698</u>	<u>\$ 12,606,453</u>	<u>\$ 126,245</u>

Ionia County, Michigan

Friend of the Court Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 566,000	\$ 578,300	\$ 596,392	\$ 18,092
Charges for services	99,320	99,320	93,238	(6,082)
TOTAL REVENUES	665,320	677,620	689,630	12,010
EXPENDITURES				
Current				
General government	803,333	815,633	727,961	87,672
EXCESS OF REVENUES (UNDER) EXPENDITURES	(138,013)	(138,013)	(38,331)	99,682
OTHER FINANCING SOURCES				
Transfers in	138,013	138,013	31,292	(106,721)
NET CHANGE IN FUND BALANCE	-0-	-0-	(7,039)	(7,039)
Fund balance, beginning of year	7,613	7,613	7,613	-0-
Fund balance, end of year	<u>\$ 7,613</u>	<u>\$ 7,613</u>	<u>\$ 574</u>	<u>\$ (7,039)</u>

Ionía County, Michigan

Public Health Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Intergovernmental	\$ 1,463,016	\$ 1,497,442	\$ 1,648,816	\$ 151,374
Charges for services	471,045	489,761	335,128	(154,633)
Other	21,800	25,178	70,266	45,088
TOTAL REVENUES	1,955,861	2,012,381	2,054,210	41,829
EXPENDITURES				
Current				
Health and welfare	2,692,274	2,632,488	1,944,762	687,726
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(736,413)	(620,107)	109,448	729,555
OTHER FINANCING SOURCES				
Transfers in	334,839	228,465	184,179	(44,286)
NET CHANGE IN FUND BALANCE	(401,574)	(391,642)	293,627	685,269
Fund balance, beginning of year	1,185,520	1,185,520	1,185,520	-0-
Fund balance, end of year	<u>\$ 783,946</u>	<u>\$ 793,878</u>	<u>\$ 1,479,147</u>	<u>\$ 685,269</u>

Ionia County, Michigan

Commission on Aging

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2014

	<u>Budgeted Amounts</u>			Variances with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 542,000	\$ 543,164	\$ 538,308	\$ (4,856)
Intergovernmental	312,500	348,100	323,538	(24,562)
Charges for services	37,500	30,500	30,754	254
Other	199,650	169,886	170,343	457
TOTAL REVENUES	1,091,650	1,091,650	1,062,943	(23,851)
EXPENDITURES				
Current				
Health and welfare	1,090,650	1,090,650	1,021,308	69,342
Capital outlay	1,000	1,000	-	1,000
TOTAL EXPENDITURES	1,091,650	1,091,650	1,021,308	70,342
EXCESS OF REVENUES OVER EXPENDITURES	-0-	-0-	41,635	45,491
Fund balance, beginning of year	4,820	4,820	4,820	-0-
Fund balance, end of year	<u>\$ 4,820</u>	<u>\$ 4,820</u>	<u>\$ 46,455</u>	<u>\$ 41,635</u>

Ionia County, Michigan

COUNTY OF IONIA PENSION PLAN

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
12/31/2004	\$ 3,984,000	\$ 5,250,096	\$ 1,266,096	76%	\$ 3,134,630	40%
12/31/2005	4,330,169	5,581,993	1,251,824	78%	3,632,150	34%
12/31/2006	4,817,168	6,140,641	1,323,473	78%	3,716,068	36%
12/31/2007	5,227,017	6,640,107	1,413,090	79%	4,027,766	35%
12/31/2008	4,953,659	7,101,619	2,147,960	70%	4,087,173	53%
12/31/2009	5,331,185	7,439,031	2,107,846	72%	4,169,833	51%
12/31/2010	5,925,784	6,870,321	944,537	86%	4,194,613	23%
12/31/2011	6,471,024	7,436,242	965,218	87%	4,210,933	23%
12/31/2012	6,992,583	8,290,387	1,297,804	84%	4,258,622	30%
12/31/2013	7,655,847	9,107,693	1,451,846	84%	4,264,670	34%

Schedule of Employer Contributions

Year Ended December 31,	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
12/31/2005	\$ 231,864	100%	\$ -
12/31/2006	275,282	122%	50,465
12/31/2007	262,402	100%	552
12/31/2008	304,757	122%	54,750
12/31/2009	271,231	77%	(79,525)
12/31/2010	365,289	94%	(22,006)
12/31/2011	399,320	142%	117,430
12/31/2012	294,420	98%	(4,606)
12/31/2013	308,265	86%	(48,280)
12/31/2014	439,933	119%	68,850

Ionia County, Michigan

County of Ionia Pension Plan

SCHEDULE OF CHANGES IN THE COUNTY'S NET PENSION LIABILITY AND RELATED RATIOS

Last Fiscal Year (Ultimately ten fiscal years will be displayed)

	<u>2014</u>
CHANGES IN TOTAL PENSION LIABILITY	
Service Cost	\$ 561,305
Interest	562,638
Benefit payments, including refunds of member contributions	<u>(335,864)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	788,079
TOTAL PENSION LIABILITY, BEGINNING	<u>12,113,543</u>
TOTAL PENSION LIABILITY, ENDING (A)	<u><u>\$12,901,622</u></u>
CHANGES IN PLAN FIDUCIARY NET POSITION	
Contributions - employer	\$ 438,821
Contributions - member	129,391
Net investment income	503,657
Benefit payments, including refunds of member contributions	(335,864)
Administrative expenses	<u>(34,662)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	701,343
PLAN FIDUCIARY NET POSITION, BEGINNING	<u>7,889,590</u>
PLAN FIDUCIARY NET POSITION, ENDING (B)	<u><u>\$ 8,590,933</u></u>
COUNTY'S NET PENSION LIABILITY, ENDING (A)-(B)	<u><u>\$ 4,310,689</u></u>
Plan fiduciary net position as a percentage of the total pension liability	66.59%
Covered-employee payroll	\$ 4,464,260
County's net pension liability as a percentage of covered-employee payroll	96.56%

Ionía County, Michigan

County of Ionía Pension Plan

SCHEDULE OF COUNTY CONTRIBUTIONS

Last 10 Fiscal Year

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	\$ 371,083	\$ 356,545	\$ 299,026	\$ 281,890	\$ 387,295	\$ 350,756	\$ 250,007	\$ 261,850	\$ 224,817	\$ 231,864
Contributions in relation to the actuarially determined contribution	<u>439,933</u>	<u>308,265</u>	<u>294,420</u>	<u>399,320</u>	<u>365,289</u>	<u>271,231</u>	<u>304,757</u>	<u>262,402</u>	<u>275,282</u>	<u>231,864</u>
Contribution excess (deficiency)	<u>\$ 68,850</u>	<u>\$ (48,280)</u>	<u>\$ (4,606)</u>	<u>\$ 117,430</u>	<u>\$ (22,006)</u>	<u>\$ (79,525)</u>	<u>\$ 54,750</u>	<u>\$ 552</u>	<u>\$ 50,465</u>	<u>\$ -</u>
Covered-employee payroll	\$4,464,260	\$4,264,670	\$4,258,622	\$4,210,933	\$4,194,613	\$4,169,833	\$4,087,173	\$4,027,766	\$3,716,068	\$3,632,150
Actuarially determined contributions as a percentage of covered-employee payroll	8.31%	7.23%	6.91%	9.48%	8.71%	6.50%	7.46%	6.51%	7.41%	6.38%

Ionia County, Michigan

County of Ionia Pension Plan

SCHEDULE OF INVESTMENT RETURNS

Last Fiscal Year (Ultimately ten fiscal years will be displayed)

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.90%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Year Ended December 31, 2014

**NOTE A: EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

In the body of the budgetary comparison schedules, the County's budgeted expenditures for the General Fund have been shown at the activity level. The approved budgets of the County have been adopted at the fund level for the General Fund and the Special Revenue funds.

During the year ended December 31, 2014, the County incurred expenditures in four (4) Special Revenue funds in excess of the amounts appropriated as follows:

	Amount Appropriated	Amounts Expended	Variance
Building Inspection	\$ 380,000	\$ 386,401	\$ 6,401
Register of Deeds Automation	79,850	81,577	1,727
OCYS Basic Grant	15,000	16,250	1,250
Court Security	173,592	178,584	4,992

**NOTE B: BUDGET/GAAP RECONCILIATION**

Ionia County budgets the activities of the General Fund Designated, Budget Stabilization and Child Care funds separately from the General Fund. For financial reporting purposes and the GAAP-basis basic financial statements, however, the activities of the above mentioned funds are combined with the General Fund as required by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The budgetary perspective difference shown on the General Fund Budgetary Comparison Schedule (Non-GAAP budgetary basis) reconciles the change in fund balance to the GAAP basis basic financial statements and the details related to these amounts are as follows:

Net change in fund balance (Budgetary Basis)	\$ (342,034)
Net change in fund balance related to:	
General Fund Designated	46,026
Budget Stabilization	-
Child Care	100,863
Net actual change in fund balance (GAAP Basis)	<u>\$ (195,145)</u>

**NOTE C: DEFINED BENEFIT PENSION PLAN**

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, healthcare cost trends, and other factors. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The accompanying schedule of employer contributions presents trend information about the amounts contributed to the plan by the employer in comparison to the Annual Required Contribution (ARC), an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - CONTINUED

Year Ended December 31, 2014

**NOTE C: DEFINED BENEFIT PENSION PLAN - CONTINUED**

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

Additional information as of the latest actuarial valuations follows:

Actuarial valuation:	
Frequency	Annual
Latest date	January 1, 2014
Basis for contribution	January 1, 2013
Actuarial cost method	Entry age normal
Amortization method	30-year amortization of Entry Age Normal liability
Remaining amortization period	Future service of active employees
Actuarial assumptions:	
Investment rate of return	6.13%
Projected salary increases	3% per year, compounded annually
Asset valuation method	25% market value plus 75% expected value; includes contribution accrued, but not paid as of the valuation date; maximum 120% market value and minimum 80% market value

## **OTHER SUPPLEMENTARY INFORMATION**

Ionia County, Michigan

General Fund

COMBINING BALANCE SHEET

December 31, 2014

	Operating	Designated	Budget Stabilization
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,494,684	\$ 1,662,239	\$ 5,000
Investments	242,501	998,925	-
Receivables			
Accounts	208,845	-	-
Taxes	557,676	-	-
Due from other funds	503,000	-	-
Due from other governmental units			
Federal/State	217,906	5,320	-
Local	121,716	-	-
Prepays	6,573	-	-
Advance to other funds	18,250	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,371,151</b>	<b>\$ 2,666,484</b>	<b>\$ 5,000</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 274,811	\$ 3,681	\$ -
Accrued liabilities	268,907	-	-
Due to other funds	-	-	-
<b>TOTAL LIABILITIES</b>	<b>543,718</b>	<b>3,681</b>	<b>-0-</b>
<b>FUND BALANCES</b>			
Nonspendable	24,823	-	-
Restricted	82,753	-	-
Committed	643,500	2,192,500	-
Assigned	-	470,303	-
Unassigned	2,076,357	-	5,000
<b>TOTAL FUND BALANCES</b>	<b>2,827,433</b>	<b>2,662,803</b>	<b>5,000</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,371,151</b>	<b>\$ 2,666,484</b>	<b>\$ 5,000</b>

Child Care	Total General Fund
\$ 522,950	\$ 3,684,873
-	1,241,426
-	208,845
-	557,676
-	503,000
14,686	237,912
-	121,716
-	6,573
-	18,250
<u>\$ 537,636</u>	<u>\$ 6,580,271</u>
\$ 44,003	\$ 322,495
3,252	272,159
250,000	250,000
<u>297,255</u>	<u>844,654</u>
-	24,823
-	82,753
22,200	2,858,200
-	470,303
218,181	2,299,538
<u>240,381</u>	<u>5,735,617</u>
<u>\$ 537,636</u>	<u>\$ 6,580,271</u>

Ionia County, Michigan

General Fund

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended December 31, 2014

	Operating	Designated	Budget Stabilization
REVENUES			
Taxes	\$ 6,793,805	\$ -	\$ -
Licenses and permits	131,391	-	-
Intergovernmental	2,349,174	11,781	-
Charges for services	1,491,232	47,530	-
Fines and forfeits	114,206	-	-
Interest and rents	141,218	13,379	-
Other	1,075,496	173,909	-
TOTAL REVENUES	12,096,522	246,599	-0-
EXPENDITURES			
Current			
General government	6,065,589	152,126	-
Public safety	4,313,481	227,094	-
Public works	300,132	27,540	-
Health and welfare	452,673	43,364	-
Community and economic development	17,100	-	-
Recreation and cultural	140,900	-	-
Other	421,532	-	-
TOTAL EXPENDITURES	11,711,407	450,124	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	385,115	(203,525)	-0-
OTHER FINANCING SOURCES (USES)			
Transfers in	167,897	304,651	-
Transfers out	(895,046)	(55,100)	-
TOTAL OTHER FINANCING SOURCES (USES)	(727,149)	249,551	-0-
NET CHANGE IN FUND BALANCES	(342,034)	46,026	-0-
Fund balances, beginning of year	3,169,467	2,616,777	5,000
Fund balances, end of year	\$ 2,827,433	\$ 2,662,803	\$ 5,000

Child Care	Total General Fund
\$ -	\$ 6,793,805
-	131,391
212,035	2,572,990
40,354	1,579,116
-	114,206
-	154,597
-	1,249,405
252,389	12,595,510
-	6,217,715
-	4,540,575
-	327,672
697,267	1,193,304
-	17,100
-	140,900
-	421,532
697,267	12,858,798
(444,878)	(263,288)
587,332	1,059,880
(41,591)	(991,737)
545,741	68,143
100,863	(195,145)
139,518	5,930,762
\$ 240,381	\$ 5,735,617

Ionia County, Michigan  
Nonmajor Governmental Funds  
COMBINING BALANCE SHEET  
December 31, 2014

	Special		
	Resource Recovery	Building Inspection	Register of Deed Automation
ASSETS			
Cash and cash equivalents	\$ 253,144	\$ 110,813	\$ 178,186
Investments	-	-	-
Accounts receivable	7,563	-	-
Due from other governmental units Federal/State	-	-	-
TOTAL ASSETS	<u>\$ 260,707</u>	<u>\$ 110,813</u>	<u>\$ 178,186</u>
LIABILITIES			
Accounts payable	\$ 10,533	\$ 32,510	\$ 28,684
Accrued liabilities	-	283	349
Due to other funds	-	-	-
TOTAL LIABILITIES	10,533	32,793	29,033
FUND BALANCES			
Nonspendable	-	-	-
Restricted	249,774	78,020	149,153
Committed	400	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>250,174</u>	<u>78,020</u>	<u>149,153</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 260,707</u>	<u>\$ 110,813</u>	<u>\$ 178,186</u>

Revenue

Designated Contributions	Central Dispatch	Community Corrections	Drug Forfeiture	Corrections Training	Vehicle Forfeiture
\$ 124,479	\$ 439,441	\$ 13,406	\$ 28,973	\$ 1,507	\$ 3,322
-	-	-	-	-	-
-	252,714	-	-	1,434	-
-	53,218	6,375	-	-	-
<u>\$ 124,479</u>	<u>\$ 745,373</u>	<u>\$ 19,781</u>	<u>\$ 28,973</u>	<u>\$ 2,941</u>	<u>\$ 3,322</u>
\$ 1,052	\$ 5,042	\$ -	\$ -	\$ -	\$ -
-	24,388	652	-	405	-
-	-	5,000	-	-	-
1,052	29,430	5,652	-0-	405	-0-
-	-	-	-	-	-
-	598,443	14,129	28,973	2,536	3,322
-	117,500	-	-	-	-
123,427	-	-	-	-	-
-	-	-	-	-	-
<u>123,427</u>	<u>715,943</u>	<u>14,129</u>	<u>28,973</u>	<u>2,536</u>	<u>3,322</u>
<u>\$ 124,479</u>	<u>\$ 745,373</u>	<u>\$ 19,781</u>	<u>\$ 28,973</u>	<u>\$ 2,941</u>	<u>\$ 3,322</u>

Ionia County, Michigan  
Nonmajor Governmental Funds  
COMBINING BALANCE SHEET - CONTINUED  
December 31, 2014

	Special		
	Sobriety Court	Special Investigative	Law Library
ASSETS			
Cash and cash equivalents	\$ 184,645	\$ 10,585	\$ 16,092
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governmental units			
Federal/State	5,669	-	-
TOTAL ASSETS	<u>\$ 190,314</u>	<u>\$ 10,585</u>	<u>\$ 16,092</u>
LIABILITIES			
Accounts payable	\$ 28,608	\$ -	\$ 1,339
Accrued liabilities	1,235	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	29,843	-0-	1,339
FUND BALANCES			
Nonspendable	-	-	-
Restricted	160,471	10,585	14,753
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>160,471</u>	<u>10,585</u>	<u>14,753</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 190,314</u>	<u>\$ 10,585</u>	<u>\$ 16,092</u>

Revenue

Community Development Block Grant	OCYS Basic Grant	Juvenile Accountability Block Grant	Human Services	Soldiers and Sailors Relief	Veterans' Trust	Courts Security
\$ -	\$ 1,480	\$ 565	\$ 7,107	\$ 1,304	\$ 9,145	\$ 4,963
-	-	-	-	-	-	-
-	-	-	-	-	-	-
38,921	1,250	-	-	-	-	-
<u>\$ 38,921</u>	<u>\$ 2,730</u>	<u>\$ 565</u>	<u>\$ 7,107</u>	<u>\$ 1,304</u>	<u>\$ 9,145</u>	<u>\$ 4,963</u>
\$ 7,155	\$ 2,500	\$ -	\$ -	\$ 480	\$ 2,875	\$ 281
-	-	-	-	-	-	4,059
-	-	-	-	-	-	-
7,155	2,500	-0-	-0-	480	2,875	4,340
-	-	-	-	-	-	-
31,766	230	565	7,107	824	6,270	623
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,766	230	565	7,107	824	6,270	623
<u>\$ 38,921</u>	<u>\$ 2,730</u>	<u>\$ 565</u>	<u>\$ 7,107</u>	<u>\$ 1,304</u>	<u>\$ 9,145</u>	<u>\$ 4,963</u>

Ionia County, Michigan

Nonmajor Governmental Funds

COMBINING BALANCE SHEET - CONTINUED

December 31, 2014

	Debt Service		Capital Projects
	Health Building Debt	Animal Shelter Building Project	Johnson Road Improvement
ASSETS			
Cash and cash equivalents	\$ 72,849	\$ 554	\$ 187
Investments	-	-	-
Accounts receivable	-	-	-
Due from other governmental units			
Federal/State	-	-	-
TOTAL ASSETS	<u>\$ 72,849</u>	<u>\$ 554</u>	<u>\$ 187</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-
FUND BALANCES			
Nonspendable	-	-	-
Restricted	72,849	554	187
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
TOTAL FUND BALANCES	<u>72,849</u>	<u>554</u>	<u>187</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 72,849</u>	<u>\$ 554</u>	<u>\$ 187</u>

<u>Permanent Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 82,469	\$ 1,545,216
200,000	200,000
-	261,711
-	105,433
<u>\$ 282,469</u>	<u>\$ 2,112,360</u>
\$ -	\$ 121,059
-	31,371
-	5,000
-0-	157,430
291,738	291,738
-	1,431,134
-	117,900
-	123,427
<u>(9,269)</u>	<u>(9,269)</u>
<u>282,469</u>	<u>1,954,930</u>
<u>\$ 282,469</u>	<u>\$ 2,112,360</u>

Ionia County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES

Year Ended December 31, 2014

	Special		
	Resource Recovery	Building Inspection	Register of Deed Automation
REVENUES			
Licenses and permits	\$ -	\$ 388,966	\$ -
Intergovernmental - Federal/State	18,090	-	-
Charges for services	99,861	-	52,225
Fine and forfeits	-	-	-
Interest and rents	-	-	547
Other	-	-	-
TOTAL REVENUES	117,951	388,966	52,772
EXPENDITURES			
Current			
General government	-	-	71,577
Public safety	-	354,898	-
Public works	47,781	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	-	-
TOTAL EXPENDITURES	47,781	354,898	71,577
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	70,170	34,068	(18,805)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(6,321)	(31,503)	(10,000)
TOTAL OTHER FINANCING SOURCES (USES)	(6,321)	(31,503)	(10,000)
NET CHANGE IN FUND BALANCES	63,849	2,565	(28,805)
Fund balances, beginning of year	186,325	75,455	177,958
Fund balances, end of year	\$ 250,174	\$ 78,020	\$ 149,153

Revenue

Designated Contributions	Central Dispatch	Community Corrections	Drug Forfeiture	Corrections Training	Vehicle Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	65,978	-	-	-
-	1,253,485	-	-	17,655	-
-	-	-	1,531	-	-
121	379	-	81	-	-
39,356	6,541	-	-	-	-
39,477	1,260,405	65,978	1,612	17,655	-0-
-	-	-	-	-	-
18,482	1,108,966	60,107	-	17,342	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,544	-	-	-	-	-
-	14,750	-	-	-	-
-	-	-	-	-	-
32,026	1,123,716	60,107	-0-	17,342	-0-
7,451	136,689	5,871	1,612	313	-0-
-	-	-	-	-	-
-	(65,683)	-	-	-	-
-0-	(65,683)	-0-	-0-	-0-	-0-
7,451	71,006	5,871	1,612	313	-0-
115,976	644,937	8,258	27,361	2,223	3,322
\$ 123,427	\$ 715,943	\$ 14,129	\$ 28,973	\$ 2,536	\$ 3,322

Ionia County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2014

	Special			Community
	Sobriety Court	Special Investigative	Law Library	Development Block Grant
REVENUES				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	306,588	-	-	205,380
Charges for services	-	-	-	-
Fine and forfeits	-	-	19,019	-
Interest and rents	-	-	-	8
Other	20,877	-	-	5,830
TOTAL REVENUES	327,465	-0-	19,019	211,218
EXPENDITURES				
Current				
General government	-	-	8,105	-
Public safety	371,784	1,983	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Community and economic development	-	-	-	203,490
Recreation and cultural	-	-	-	-
Capital outlay	-	-	-	-
Debt service	-	-	-	-
TOTAL EXPENDITURES	371,784	1,983	8,105	203,490
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(44,319)	(1,983)	10,914	7,728
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,000	716
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-0-	-0-	3,000	716
NET CHANGE IN FUND BALANCES	(44,319)	(1,983)	13,914	8,444
Fund balances, beginning of year	204,790	12,568	839	23,322
Fund balances, end of year	\$ 160,471	\$ 10,585	\$ 14,753	\$ 31,766

Revenue					
OCYS Basic Grant	Juvenile Accountability Block Grant	Human Services	Soldiers and Sailors Relief	Veterans' Trust	Courts Security
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,000	-	-	-	-	-
-	-	-	-	-	46,445
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	21,604	-
15,000	-0-	-0-	-0-	21,604	46,445
16,250	-	-	-	-	174,756
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	19,239	15,398	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
16,250	-0-	-0-	19,239	15,398	174,756
(1,250)	-0-	-0-	(19,239)	6,206	(128,311)
-	-	-	20,000	-	72,355
-	-	-	-	-	(3,828)
-0-	-0-	-0-	20,000	-0-	68,527
(1,250)	-0-	-0-	761	6,206	(59,784)
1,480	565	7,107	63	64	60,407
\$ 230	\$ 565	\$ 7,107	\$ 824	\$ 6,270	\$ 623

Ionia County, Michigan

Nonmajor Governmental Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - CONTINUED

Year Ended December 31, 2014

	Debt Service		Capital Projects
	Health Building Debt	Animal Shelter Building Project	Johnson Road Improvement
REVENUES			
Licenses and permits	\$ -	\$ -	\$ -
Intergovernmental - Federal/State	-	-	-
Charges for services	-	-	-
Fine and forfeits	-	-	-
Interest and rents	104	7	-
Other	-	20	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	104	27	-0-
EXPENDITURES			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	-	-	-
Community and economic development	-	-	-
Recreation and cultural	-	-	-
Capital outlay	-	-	-
Debt service	-	63,998	-
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	-0-	63,998	-0-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	104	(63,971)	-0-
OTHER FINANCING SOURCES (USES)			
Transfers in	-	55,100	-
Transfers out	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL OTHER FINANCING SOURCES (USES)	-0-	55,100	-0-
NET CHANGE IN FUND BALANCES	104	(8,871)	-0-
Fund balances, beginning of year	72,745	9,425	187
	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ 72,849</u>	<u>\$ 554</u>	<u>\$ 187</u>

<u>Permanent Cemetery Perpetual Care</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 388,966
-	611,036
-	1,469,671
-	20,550
600	1,847
<u>400</u>	<u>94,628</u>
1,000	2,586,698
-	270,688
-	1,933,562
-	47,781
-	34,637
-	203,490
-	13,544
-	14,750
<u>-</u>	<u>63,998</u>
<u>-0-</u>	<u>2,582,450</u>
1,000	4,248
-	151,171
<u>-</u>	<u>(117,335)</u>
<u>-0-</u>	<u>33,836</u>
1,000	38,084
<u>281,469</u>	<u>1,916,846</u>
<u>\$ 282,469</u>	<u>\$ 1,954,930</u>

Ionia County, Michigan  
Nonmajor Enterprise Funds  
STATEMENT OF NET POSITION  
December 31, 2014

	Business-type Activities		
	Airport	Principal Residence Denial Interest	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 65,253	\$ 65,258	\$ 130,511
Receivables			
Accounts	743	-	743
Total current assets	65,996	65,258	131,254
Noncurrent assets			
Capital assets not being depreciated	210,060	-	210,060
Capital assets, net of accumulated depreciation	570,650	-	570,650
Total noncurrent assets	780,710	-0-	780,710
TOTAL ASSETS	846,706	65,258	911,964
LIABILITIES			
Current liabilities			
Accounts payable	2,294	-	2,294
Accrued liabilities	699	-	699
Total current liabilities	2,993	-0-	2,993
Noncurrent liabilities			
Advance from other fund	18,250	-	18,250
TOTAL LIABILITIES	21,243	-0-	21,243
NET POSITION			
Investment in capital assets	780,710	-	780,710
Unrestricted	44,753	65,258	110,011
TOTAL NET POSITION	\$ 825,463	\$ 65,258	\$ 890,721

Ionia County, Michigan

Nonmajor Enterprise Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended December 31, 2014

	Business-type Activities		
	Airport	Principal Residence Denial Interest	Total Nonmajor Enterprise Funds
OPERATING REVENUES			
Interest and penalties on delinquent taxes	\$ -	\$ 4,545	\$ 4,545
Charges for services	70,928	-	70,928
TOTAL OPERATING REVENUES	70,928	4,545	75,473
OPERATING EXPENSES			
Operating expenses	10,880	2,055	12,935
Contractual services	34,669	-	34,669
Salaries	1,050	-	1,050
Fringe benefits	515	-	515
Depreciation	105,360	-	105,360
Other	23,944	-	23,944
TOTAL OPERATING EXPENSES	176,418	2,055	178,473
OPERATING INCOME (LOSS)	(105,490)	2,490	(103,000)
NONOPERATING REVENUES			
Intergovernmental	27,540	-	27,540
INCOME (LOSS) BEFORE TRANSFERS	(77,950)	2,490	(75,460)
OTHER FINANCING (USES)			
Transfers out	(12,799)	-	(12,799)
CHANGE IN NET POSITION	(90,749)	2,490	(88,259)
Net position, beginning of year	916,212	62,768	978,980
Net position, end of year	\$ 825,463	\$ 65,258	\$ 890,721

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Ionia County, Michigan  
Nonmajor Enterprise Funds  
STATEMENT OF CASH FLOWS  
Year Ended December 31, 2014

	Business-type Activities		
	Airport	Principal Residence Denial Interest	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers	\$ 76,765	\$ 4,545	\$ 81,310
Cash paid to employees and suppliers	(70,400)	(2,055)	(72,455)
Cash paid for employee benefits	(515)	-	(515)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,850	2,490	8,340
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers out	(12,799)	-	(12,799)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(6,949)	2,490	(4,459)
Cash and cash equivalents, beginning of year	72,202	62,768	134,970
Cash and cash equivalents, end of year	<u>\$ 65,253</u>	<u>\$ 65,258</u>	<u>\$ 130,511</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (105,490)	\$ 2,490	\$ (103,000)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	105,360	-	105,360
Decrease in:			
Accounts receivable	5,837	-	5,837
Increase (decrease) in:			
Accounts payable	243	-	243
Accrued liabilities	(100)	-	(100)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 5,850</u>	<u>\$ 2,490</u>	<u>\$ 8,340</u>
NONCASH FINANCING ACTIVITIES			
Contributions of capital assets	<u>\$ 27,540</u>	<u>\$ -</u>	<u>\$ 27,540</u>

Ionia County, Michigan

Agency Funds

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

December 31, 2014

	Trust and Agency	Current Tax	Payroll	Library
ASSETS				
Cash and cash equivalents	\$ 1,153,803	\$ 226,349	\$ 224,023	\$ 268,737
Cash - restricted	36,486	-	-	-
Deposit with agent	-	-	-	-
TOTAL ASSETS	<u>\$ 1,190,289</u>	<u>\$ 226,349</u>	<u>\$ 224,023</u>	<u>\$ 268,737</u>
LIABILITIES				
Due to other governmental units	\$ 1,008,673	\$ 207,664	\$ -	\$ 238,015
Due to individuals and agencies	181,616	18,685	224,023	30,722
TOTAL LIABILITIES	<u>\$ 1,190,289</u>	<u>\$ 226,349</u>	<u>\$ 224,023</u>	<u>\$ 268,737</u>

Mid-West Michigan Trail Authority	Employee Flex Account	Employee Benefit Account	Inmate Trust	Total Agency Funds
\$ 90,731	\$ 57,853	\$ (200,710)	\$ 22,017	\$ 1,842,803
-	-	-	-	36,486
-	-	354,292	-	354,292
<u>\$ 90,731</u>	<u>\$ 57,853</u>	<u>\$ 153,582</u>	<u>\$ 22,017</u>	<u>\$ 2,233,581</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,454,352
90,731	57,853	153,582	22,017	779,229
<u>\$ 90,731</u>	<u>\$ 57,853</u>	<u>\$ 153,582</u>	<u>\$ 22,017</u>	<u>\$ 2,233,581</u>

Ionia County, Michigan

Component Unit Funds

COMBINING BALANCE SHEET/STATEMENT OF NET POSITION - DRAINAGE DISTRICTS

December 31, 2014

	Capital Projects		Internal Service Drain Equipment Revolving	Total
	County Drain	Brisbin Village Drain		
ASSETS				
Cash and cash equivalents	\$ 1,229,150	\$ 8,471	\$ 73,539	\$ 1,311,160
Special assessments receivable	1,183,324	-	-	1,183,324
Due from other governmental units	-	46,529	-	46,529
TOTAL ASSETS	<u>\$ 2,412,474</u>	<u>\$ 55,000</u>	<u>\$ 73,539</u>	<u>\$ 2,541,013</u>
LIABILITIES				
Accounts payable	\$ 65,609	\$ -	\$ 10,588	\$ 76,197
Due to other governmental units	29,539	55,000	8,000	92,539
TOTAL LIABILITIES	95,148	55,000	18,588	168,736
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,183,324	-	-	1,183,324
FUND EQUITY				
Net position				
Unrestricted	-	-	54,951	54,951
Fund balances				
Restricted for capital expenditures	1,134,002	-	-	1,134,002
TOTAL FUND EQUITY	<u>1,134,002</u>	<u>-0-</u>	<u>54,951</u>	<u>1,188,953</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY	<u>\$ 2,412,474</u>	<u>\$ 55,000</u>	<u>\$ 73,539</u>	<u>\$ 2,541,013</u>

Ionia County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING BALANCE SHEET TO  
THE STATEMENT OF NET POSITION - DRAINAGE DISTRICTS

December 31, 2014

**Fund balances - total component unit funds** **\$ 1,134,002**

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 as assets in the governmental fund.

The cost of capital assets is	\$ 10,302,144	
Accumulated depreciation is	<u>(3,482,426)</u>	
Capital assets, net		6,819,718

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the Internal Service Fund are included in the governmental activities in the Government-wide Statement of Net Position.

54,951

Long-term receivables are not available to pay for current period expenditures and are therefore unavailable in the funds. These consist of:

Unavailable revenue		1,183,324
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Bonds and notes payable	(1,831,596)	
Accrued interest payable	<u>(18,520)</u>	
		<u>(1,850,116)</u>

<b>Net position of governmental activities</b>		<b><u><u>\$ 7,341,879</u></u></b>
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Ionia County, Michigan

Component Unit Funds

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - DRAINAGE DISTRICTS

Year Ended December 31, 2014

	County Drain	Brisbin Village Drain	Total
REVENUES			
Intergovernmental	\$ -	\$ 16,990	\$ 16,990
Interest	3,918	-	3,918
Other			
Special assessments	835,730	-	835,730
TOTAL REVENUES	839,648	16,990	856,638
EXPENDITURES			
Current			
Public works	808,838	-	808,838
Debt service			
Principal	448,143	7,239	455,382
Interest	51,240	519	51,759
TOTAL EXPENDITURES	1,308,221	7,758	1,315,979
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(468,573)	9,232	(459,341)
OTHER FINANCING SOURCES (USES)			
Transfers in	9,232	-	9,232
Transfers out	-	(9,232)	(9,232)
Note proceeds	334,400	-	334,400
TOTAL OTHER FINANCING SOURCES (USES)	343,632	(9,232)	334,400
NET CHANGE IN FUND BALANCES	(124,941)	-0-	(124,941)
Fund balances, beginning of year	1,258,943	-	1,258,943
Fund balances, end of year	\$ 1,134,002	\$ -0-	\$ 1,134,002

Ionia County, Michigan

Component Unit Funds

RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES - DRAINAGE DISTRICTS

Year Ended December 31, 2014

**Net change in fund balances - total governmental funds** **\$ (124,941)**

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

In the statement of activities, the cost of capital assets is allocated over their useful lives as depreciation expense. In the current period, this amount is:

Depreciation expense	(206,043)
----------------------	-----------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position for the internal service funds was:

9,120

Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds. In the current period, these amounts consist of:

Increase in unavailable revenue	510,686
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Repayment of long-term debt and borrowing of long-term debt is reported as expenditures and other financing sources in governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Long-term debt proceeds	\$ (334,400)	
Note principal retirement	466,198	

131,798

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in accrued interest payable	3,811
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<b>Change in net position of governmental activities</b>	<b>\$ 324,431</b>
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Ionia County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
PROPRIETARY FUND - DRAINAGE DISTRICTS

Year Ended December 31, 2014

	Drain Equipment Revolving
OPERATING REVENUES	
Charges for services	\$ 69,006
OPERATING EXPENSES	
Contractual services	<u>59,886</u>
CHANGE IN NET POSITION	9,120
Net position, beginning of year	<u>45,831</u>
Net position, end of year	<u><u>\$ 54,951</u></u>

Ionia County, Michigan

Component Unit Funds

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND - DRAINAGE DISTRICTS

Year Ended December 31, 2014

	Drain Equipment Revolving
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from users	\$ 69,006
Cash paid to suppliers	<u>(59,886)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS DURING YEAR	9,120
Cash and cash equivalents, beginning of year	<u>64,419</u>
Cash and cash equivalents, end of year	<u><u>\$ 73,539</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	<u><u>\$ 9,120</u></u>

Ionia County, Michigan

Component Unit Funds

STATEMENT OF NET POSITION - LAND BANK AUTHORITY

December 31, 2014

	<u>Enterprise</u>
ASSETS	
Cash and cash equivalents	\$ 31,583
LIABILITIES	
	<u>-</u>
NET POSITION	
Unrestricted	<u>\$ 31,583</u>

Ionia County, Michigan

Component Unit Funds

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN NET POSITION - LAND BANK AUTHORITY

Year Ended December 31, 2014

	<u>Enterprise</u>
OPERATING REVENUES	
Property tax revenue	\$ 485
Charges for services	<u>5,001</u>
TOTAL REVENUES	5,486
OPERATING EXPENSES	
Other	<u>10,220</u>
CHANGE IN NET POSITION	(4,734)
Net position, beginning of year	<u>36,317</u>
Net position, end of year	<u><u>\$ 31,583</u></u>

Ionia County, Michigan

Component Unit Funds

STATEMENT OF CASH FLOWS - LAND BANK AUTHORITY

Year Ended December 31, 2014

	<u>Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 5,486
Cash paid to suppliers	<u>(11,219)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	(5,733)
Cash and cash equivalents, beginning of year	<u>37,316</u>
Cash and cash equivalents, end of year	<u><u>\$ 31,583</u></u>
Reconciliation of operating (loss) to net cash (used) by operating activities	
Operating (loss)	\$ (4,734)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities	
(Decrease) in:	
Accounts payable	<u>(999)</u>
NET CASH (USED) BY OPERATING ACTIVITIES	<u><u>\$ (5,733)</u></u>

**Ionia County, Michigan**

**SUPPLEMENTARY INFORMATION TO  
BASIC FINANCIAL STATEMENTS  
(FEDERAL AWARDS)**

**December 31, 2014**

Ionia County, Michigan

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

To the Board of Commissioners  
of Ionia County  
Ionia, Michigan

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

We have audited Ionia County, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ionia County's major federal programs for the year ended December 31, 2014. Ionia County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Ionia County, Michigan's basic financial statements include the operations of the Ionia County Road Commission, which received \$3,261,832 in federal awards which is not included in the schedule during the year ended December 31, 2014. Our audit, described below, did not include the operations of the Ionia County Road Commission because the component unit engaged other auditors to perform an audit in accordance with OMB Circular A-133.

#### ***Management's Responsibility***

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

#### ***Auditor's Responsibility***

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

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

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

In our opinion, Ionia County, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

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

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ionia County as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Ionia County's basic financial statements. We did not audit the financial statements of the Ionia County Road Commission which represents 84 percent, 87 percent, and 91 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. We issued our report thereon dated May 29, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Abraham & Gaffney, P.C.*

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 29, 2015

Ionia County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through Michigan Department of Community Health			
Women, Infants and Children (WIC) <sup>(c)</sup>	10.557		
FY 13-14 Regular		IW100342	\$ 212,980
FY 14-15 Regular		IW100342	120,781
FY 13-14 Peer Counseling		IW100342	9,546
FY 13-14 Peer Counseling		W500342	15,443
FY 14-15 Peer Counseling		W500342	6,559
FY 14-15 Peer Counseling		IW100342	<u>3,087</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>368,396</b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Passed through Michigan State Housing Development Authority			
Community Development Block Grant - State's Program	14.228		
2011		MSC-2011-0786-HOA	205,380
<b>U.S. DEPARTMENT OF JUSTICE</b>			
Passed through Office of Community Oriented Police Services			
State Criminal Alien Assistance Program 2014	16.606	N/A	2,622
Passed through Michigan State Police Edward Byrne Memorial Justice Assistance Grant Program	16.738		
2014		2013-MU-BX-0051	31,271
Passed through Office of Drug Control Policy and the County of Newaygo			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		
2014		72082	<u>16,216</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<b>50,109</b>

Ionia County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Passed through Michigan State Police Office of Highway Safety Planning Safe Communities Grant FY 2013-2014	20.601	14-533	\$ 79,142
Hazardous Materials Emergency Preparedness Training and Planning Grants	20.703	N/A	<u>390</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<b>79,532</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Passed through Michigan Department of Office on Services to the Aging and Area Agency on Aging of Western Michigan Title III-D Special Programs for Aging (In-Home Services) FY 13-14	93.043	N/A	11,289
Title III-B Special Programs for Aging <sup>(d)</sup> (Chore, Case Coordination, Homecare Assistance, In-Home Respite, and Information and Assistance) FY 13-14 FY 14-15	93.044	N/A N/A	13,912 <u>6,470</u>
			20,382
Title III-C Special Programs for the Aging <sup>(d)</sup> (Nutrition Services) FY 13-14 Nutrition Congregate FY 14-15 Nutrition Congregate FY 13-14 Nutrition Home Delivered Meals FY 14-15 Nutrition Home Delivered Meals	93.045	61.54 61.54 61.54 61.54	32,285 5,772 50,909 <u>9,670</u>
			98,636
Title III-E Special Programs for Aging (Nation Family Caregiver Support Program) FY 13-14	93.052	N/A	6,001

Ionia County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Passed through Michigan Department of Office on Services to the Aging and Area Agency on Aging of Western Michigan - continued			
Nutrition Services Incentive Program <sup>(d)</sup>	93.053		
FY 13-14 Nutrition Congregate		61.54	\$ 6,174
FY 13-14 Nutrition Home Delivered Meals		61.54	<u>37,158</u>
			43,332
Passed through Michigan Department of Community Health			
Public Health Emergency Preparedness <sup>(c)</sup>	93.069		
FY 13-14			
Focus A		U90TP000528	98,413
FY 14-15			
Focus A		U90TP000528	<u>51,829</u>
			150,242
Immunization Grants	93.268		
FY 13-14 IAP		H23 CCH522556	25,999
FY 14-15 IAP		H23 CCH522556	18,728
FY 13-14 Vaccine Supply		N/A	159,060
FY 14-15 Vaccine Supply		N/A	<u>38,843</u>
			242,630
Medical Assistance Program	93.778		
Childrens Special Health Care Services			
FY 13-14		05 U05M15ADM	17,253
FY 14-15		05 U05M15ADM	21,602
Medicaid Outreach			
FY 13-14		05 U05M15ADM	29,159
FY 14-15		05 U05M15ADM	<u>13,486</u>
			81,500
Maternal & Child Health Services Block Grant States	93.994		
FY 13-14 Local MCH		B1MIMCHS	36,166
FY 14-15 Local MCH		B1MIMCHS	<u>19,261</u>
			55,427

Ionia County, Michigan

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2014

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantors Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED			
Passed through Michigan Department of Human Services			
Child Support Enforcement (Title IV-D) <sup>(c)</sup>	93.563		
Cooperative Reimbursement - Friend of the Court <sup>(a)</sup>			
2013-2014		CS/FOC-13-34001	\$ 312,520
2014-2015		CS/FOC-13-34001	107,290
Cooperative Reimbursement - Prosecuting Attorney <sup>(a)</sup>			
2013-2014		CS/PA-13-34002	53,789
2014-2015		CS/PA-13-34002	15,950
Federal Incentive Payments - FOC <sup>(b)</sup>			
2014		N/A	<u>105,513</u>
			595,062
Passed through Clinton, Eaton, Ingham Community Mental Health and Michigan Department of Community Health			
FY 14/15 Treatment, Prevention, and Women's Specialty	93.959	N/A	<u>160,740</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,465,241
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Michigan Department of Natural Resources			
Boating Safety Financial Assistance	97.012	N/A	3,300
Passed through Michigan Department of State Police			
Emergency Management Division			
Disaster Grants Public Assistance	97.036	DR-4121-MI	9,159
Emergency Management Performance Grants	97.042		
2012		N/A	2,352
2014		N/A	<u>10,868</u>
			<u>13,220</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>25,679</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,194,337</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended December 31, 2014

**NOTE A: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Ionia County, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note C.

Federal Awards of the Ionia County Road Commission are excluded from the accompanying Schedule of Expenditures of Federal Awards. The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2014, the Federal aid received and expended by the Road Commission was \$3,074,666 for contracted projects and \$187,166 for negotiated projects. Contracted projects are defined as projects performed by private contractors paid for and administered by MDOT (they are included in MDOT's single audit). Negotiated projects are projects where the road commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if it expended \$500,000 or more for negotiated projects.

**NOTE B: SUMMARY OF SIGNIFICANT EXPLANATIONS OF SCHEDULE**

The following descriptions identified below as (a) - (d) represent explanations that cross reference to amounts on the Schedule of Expenditures of Federal Awards:

- (a) Reimbursements of these contracts are passed through the State Department of Human Services (DHS). The amounts reported on the Schedule of Expenditures of Federal Awards represent the Federal portion of the respective amounts based on 66% of Title IV-D eligible expenditures for the applicable grants. The entire amount paid by DHS for the reimbursed expenditures is considered Federal.
- (b) The reimbursements for the IV-D Incentive Payments Program are based on support payments collected. Expenditures have been reported to the extent of earned revenues.
- (c) Denotes programs tested as "major programs".
- (d) Program considered a cluster by the U.S. Department of Health and Human Services.

Ionia County, Michigan

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended December 31, 2014

**NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The following reconciles the intergovernmental revenues reported in the December 31, 2014 basic financial statements to the expenditures of the County administered federal programs reported on the Schedule of Expenditures of Federal Awards:

	Federal/ State/Local Revenue	Less State/Local Revenue	Federal Award Expenditures
PRIMARY GOVERNMENT			
GENERAL FUND			
Cooperative Reimbursement - Prosecutor	\$ 69,739	\$ -	\$ 69,739
Emergency Management	33,729	20,509	13,220
Marine Safety	4,340	1,040	3,300
Homeland Security	390	-	390
Byrne Grant	17,883	-	17,883
SCAAP Grant	11,781	-	11,781
Victim Rights Act	79,519	79,519	-0-
Other Programs	2,355,609	2,355,609	-0-
TOTAL GENERAL FUND	2,572,990	2,456,677	116,313
SPECIAL REVENUE FUNDS			
Friend of the Court	596,392	71,069	525,323
Public Health	1,648,816	589,881	1,058,935
Commission on Aging	323,538	143,898	179,640
Community Development Block Grant	205,380	-	205,380
Sobriety Court	306,588	197,842	108,746
Other Programs	99,068	99,068	-0-
TOTAL SPECIAL REVENUE FUNDS	3,179,782	1,101,758	2,078,024
TOTAL PRIMARY GOVERNMENT	\$ 5,752,772	\$ 3,558,435	\$ 2,194,337

## Principals

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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

To the Board of Commissioners  
of Ionia County  
Ionia, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ionia County, Michigan as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Ionia County's basic financial statements and have issued our report thereon dated May 29, 2015. We did not audit the financial statements of the Ionia County Road Commission which represents 84 percent, 87 percent, and 91 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ionia 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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ionia County's internal control. Accordingly, we do not express an opinion on the effectiveness of Ionia County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control that we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as 2014-001 to be a material weakness.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs as 2014-002 to be a significant deficiency.

## **Compliance and Other Matters**

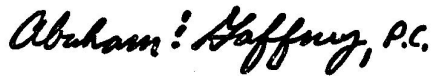
As part of obtaining reasonable assurance about whether Ionia County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

## **Ionia County's Responses to Findings**

Ionia County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Ionia County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 Ionia County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Abraham & Gaffney, P.C." in a cursive script.

ABRAHAM & GAFFNEY, P.C.  
Certified Public Accountants

May 29, 2015

Ionia County, Michigan

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2014

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Significant deficiency(ies) identified?	<u>  X  </u>	Yes	<u>      </u>	No
Noncompliance material to financial statements noted?	<u>      </u>	Yes	<u>  X  </u>	No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	<u>      </u>	Yes	<u>  X  </u>	No
Significant deficiency(ies) identified?	<u>      </u>	Yes	<u>  X  </u>	None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?

<u>      </u>	Yes	<u>  X  </u>	No
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Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.557	Women, Infants, and Children (WIC)
93.069	Public Health Emergency Preparedness
93.563	Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?

<u>      </u>	Yes	<u>  X  </u>	No
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**Section II - Financial Statement Findings**

2014-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS

Condition: Material journal entries for the proper recognition of accounts payable, drain special assessment receivable and related unavailable revenue, and changes in pension investment balances were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger. A similar issue was noted and reported in our audit comments last year.

Criteria: Statement on Auditing Standards No. 115 (SAS 115), *Communicating Internal Control Related Matters Identified in an Audit*, emphasizes that management is responsible for establishing, maintaining, and monitoring internal controls, and for the fair presentation in the financial statements of financial position, results of operations, and cash flows (where applicable), including the notes to the financial statements, in conformity with U.S. generally accepted accounting principles.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

Year Ended December 31, 2014

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**Section II - Financial Statement Findings - Continued**

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2014-001 MATERIAL JOURNAL ENTRIES PROPOSED BY AUDITORS - CONTINUED

Cause: Misstatements were not identified and corrected by management.

Effect: Without the recording of these journal entries the financial statements would have been materially misstated.

Recommendation: We recommend that the County take steps to ensure that material journal entries are not necessary at the time future audit analysis is performed.

Corrective Action Response: We will continue to review and improve our process for preparing and posting journal entries.

2014-002 PAY RATE DOCUMENTATION

Condition: During our payroll test, it was noted that two (2) employees did not have the correct pay rates documented in their personnel files.

Criteria: Management has established payroll procedures that require pay raises or decreases to be documented in the employee's personnel file.

Cause: Documentation was not maintained.

Effect: The County could over or under pay an employee.

Recommendation: We recommend that the County take steps to ensure all employee pay changes are documented in the personnel file.

Corrective Action Response: The Finance Department will continue to require documentation for an payroll changes and file in the employees file.

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

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None noted.

Ionia County, Michigan  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended December 31, 2014

FINDINGS/NONCOMPLIANCE

Significant Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

**2013-1 Material Journal Entries Proposed By Auditors**

Condition: Material journal entries were proposed by the auditors. These misstatements were not detected by the County's internal control over financial reporting. These entries were brought to the attention of management and were subsequently recorded in the County's general ledger.

Resolution: A similar issue was noted during the current audit and the condition is repeated.

Findings Related to Compliance with Requirements Applicable to Financial Statements.

None noted.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

None noted.