

Grand Traverse
County, Michigan



Year Ended
December 31,
2015

Comprehensive
Annual Financial
Report

Prepared by: Finance Department

Interim Finance Director
Marissa Milliron

GRAND TRAVERSE COUNTY, MICHIGAN

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INTRODUCTORY SECTION

GRAND TRAVERSE COUNTY, MICHIGAN

Principal Officials

For the Fiscal Year Ended December 31, 2015

Board of Commissioners

Christine Maxbauer - Chairperson

Dr. Dan Lathrop - Vice Chairperson

Carol Crawford

Dr. Bob Johnson

Ron Clous

Addison (Sonny) Wheelock, Jr.

Alisa Kroupa

Administration

Thomas Menzel - County Administrator

Jennifer DeHaan - Deputy County Administrator

Marissa Milliron - Interim Finance Director



DEAN W. BOTT
DEPUTY ADMINISTRATOR, DIRECTOR OF FINANCE

**GRAND TRAVERSE COUNTY
FINANCE DEPARTMENT**

GOVERNMENTAL CENTER • 400 BOARDMAN AVENUE
TRAVERSE CITY, MI 49684-2577 • (231) 922-4680

June 21, 2016

Grand Traverse County Board of Commissioners and
Citizens of Grand Traverse County, Michigan:

The Comprehensive Annual Financial Report (CAFR) of Grand Traverse County, Michigan, for the calendar year ended December 31, 2015, is hereby submitted. In accordance with State Law, re: Public Act 34 of 2001, the revised Municipal Finance Act, Section 141.2303 (1) requires each municipality within the state of Michigan to file an audit report annually with the Michigan Department of Treasury within 6 months from the end of its fiscal year or as otherwise provided in the Uniform Budgeting and Accounting Act, 1968 PA 2, MCL 141.421 to 141.440a. This report was prepared by the Grand Traverse County Finance Department. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the government based upon a comprehensive framework of internal control that has been established for this purpose. Since the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Michigan law requires an annual audit of the County's financial statements. The Grand Traverse County Board of Commissioners has engaged Rehmann, Independent Auditors, for this purpose. The independent auditors' unmodified ("clean") opinion has been included at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

ORGANIZATIONAL STRUCTURE

County government is the largest unit of local government in Michigan and is also the oldest political subdivision of the state, having attained stature and importance before any other form of government now in existence.

Grand Traverse County, Michigan, incorporated in 1851, is located approximately 250 miles north of Detroit, in the northwestern section of Michigan's Lower Peninsula. It currently occupies 485 square miles and serves an estimated population of 91,636. In terms of population, this ranks Grand Traverse County as the 22nd largest of 83 counties in the State of Michigan. Grand Traverse County is empowered to levy a property tax on real, personal and industrial property located within its boundaries.

The Board of Commissioners exercises the legislative power of the County and determines all matters of policy. The Board of Commissioners is comprised of seven commissioners who are elected from their respective districts. Each commissioner serves a term of two years. The county administrator is the appointed head of the administrative branch of the county government. The judicial branch of government consists of two Circuit Court judges, two District Court judges, and one Probate Court judge. All judges are elected at large for a six-year term. The Circuit and District Court judges are elected on two-year, staggered terms. The Offices of Prosecuting Attorney, Sheriff, Clerk, Treasurer, Register of Deeds, Drain Commissioner and County Surveyor are elected at large and serve for a four-year term.

Grand Traverse County provides a wide range of services, including public safety, health and welfare services, community and economic development, and recreational and cultural activities. Certain financing and oversight services on the construction of Grand Traverse County public buildings are provided through a component unit, a legally separate building authority, which functions, in essence, as a department of Grand Traverse County, and therefore has been included as an integral part of Grand Traverse County's financial statements. Grand Traverse County is also financially accountable for services provided by other legally separate component units of Grand Traverse County. These services include the construction and maintenance of the county's system of roads and bridges by the Grand Traverse County Road Commission, and water supply and wastewater disposal services provided by the Grand Traverse County Department of Public Works. In addition, the Grand Traverse County Drain Commissioner provides for the construction and maintenance of drainage districts throughout Grand Traverse County. The Grand Traverse County Brownfield Redevelopment Authority promotes the revitalization of environmentally distressed areas/sites. The Grand Traverse County Land Bank Authority works to provide affordable housing and economic development opportunities from foreclosed properties. These five component units are reported separately within Grand Traverse County's financial statements, and additional information on them can be found in the notes to the financial statements.

Grand Traverse County prepares, adopts and maintains budgetary controls on an annual basis. Governmental fund types of Grand Traverse County are under formal budgetary control. Activities of the General fund, Special Revenue funds and Debt Service funds are included in the annual appropriated budget. The level of budgetary control, that is, the level at which expenditures cannot legally exceed the appropriated amount, is established at the activity level. Capital Project funds are budgeted by project. Enterprise funds and Internal Service funds, which are Proprietary funds, are also subject to budgetary controls and are budgeted at the activity level as well. The County's procedures in establishing its annual budget are as follows:

- In May of each year, budget forms are provided to all county elected officials and department heads, outlining the procedures for requesting appropriations for the subsequent budget year.
- In July of each year, the County Administrator and Finance Director hold budget hearings with all elected officials and department heads to obtain additional information regarding budget requests.
- In October, preceding the beginning of the next fiscal year, and in conformance with Act 2, PA 1968, as amended by Public Act 621 of 1978, (the Uniform Budgeting and Accounting Act), the Finance department prepares, and the County Administrator submits, a proposed operating budget to the Ways and Means committee for review and adoption by the County Board of Commissioners.

- Subsequent to the County Administrator submitting the proposed budget to the Board of Commissioners, a public hearing is conducted to obtain taxpayer comments. The Board of Commissioners then makes any amendments to the budget it deems necessary and adopts the same by formal resolution prior to December 31.

The Board of Commissioners is authorized to make adjustments to the various budgets as deemed necessary. Elected officials and department heads are authorized to amend budgets under their control subject to the provisions of the County's budget resolutions as amended.

ECONOMIC CONDITION AND OUTLOOK

Population Trends

In 2015, the estimated population of Grand Traverse County was 91,636 according to the U.S. Census. This is an increase of 5.3% from the 2010 U.S. Census population count of 86,986. Grand Traverse County was the third fastest growing county in Michigan in 2015.

The 2014 median age in Grand Traverse County is 41.5 years, compared to 39.3 years for Michigan overall. In 2014, 15.8% of the population of the County was 65 years old and over which is higher than the 14.6% for Michigan overall. In comparison, only 13.1% of the County population in 2000 was 65 years old and over. This trend of an aging population is expected to continue for the region.

Labor Market

In 2015, the annual average workforce in Grand Traverse County was 48,152 employees, representing two-thirds of the total regional employment. Annual average unemployment for the County in 2015 was 4.4%, down from 5.9% in 2014. Health care and social assistance is the largest employment industry in the county. Over the next 30 years, Grand Traverse County is forecasted to experience employment growth more than 150% higher than the state average. Median household income in the County is \$55,592, 10th highest county in Michigan.

Property Values and Home Sales

There are 55,027 parcels of property in the County for the 2016 Assessment year, an increase of 0.28% from 2015. The County Equalized Value (CEV) for Grand Traverse County for 2016 is \$5,761,372,513, an increase of 4.22% from 2015, which was \$5,528,183,660. Taxable value increased overall 1.683% countywide from 2015 to 2016.

Total listings of home sales in Grand Traverse County in 2015 by real estate agents were 1,688, up from 1,559 in 2014. The average sales price in 2015 was \$233,432, up from \$219,493 in 2014. In comparison, the average price for sales in Michigan in 2015 was \$145,708, an increase from 2014 which was \$140,109.

Education

On a whole, Grand Traverse County residents tend to have a higher than average education compared to the remainder of Michigan. The County is ranked sixth in the state with 93.4% of the population having a high school diploma or more and ranked tenth in the state with 30.8% of the population having a bachelor's degree or more.

The two primary public school districts in Grand Traverse County are the Traverse City Area Public Schools and the Kingsley Area Schools. Traverse City Area Public Schools includes 23 schools spread over 285 square miles in three different counties. The district has a current enrollment of nearly 11,000 students. Kingsley Area Schools includes three schools and covers the southern end of the County. The district has a current enrollment of over 1,300 students. Both districts have a dual enrollment program which enables high school students to enroll in classes offered by Northwestern Michigan College and earn college credit while still in high school.

Northwestern Michigan College pioneered post-secondary education in northern Michigan when it was established as Michigan's first community college in 1951. With an enrollment of 5,100, the college provides collegiate-level instruction in the liberal arts and in many occupational fields. The college's Great Lakes Maritime Academy, the only maritime academy on the Great Lakes, prepares students to become merchant marine officers. The college also is in partnership with 11 Michigan colleges and universities to provide bachelor's completion and advanced degrees.

Tourism Industry

The Grand Traverse region's largest industry is often considered to be tourism. With a market area accounting for close to 10 percent of the state's travel volume, Grand Traverse County ranks second among Michigan counties in the number of pleasure trips hosted. An estimated 3.3 million persons annually visit Grand Traverse County. This includes hotel guests, business meeting and convention travelers as well as seasonal property owners. The Grand Traverse visitor industry includes 3,900 hotel rooms and an estimated 3,600 seasonal condominiums. The total economic impact from the visitor industry in Grand Traverse County is \$1.2 billion annually.

Cherry Industry

The U.S. cherry industry produces more than 650 million pounds of tart and sweet cherries each year. Michigan, mainly the Grand Traverse region, grows about 75 percent of the tart cherry crop. Generally, Michigan produces 200 to 250 million pounds of tart cherries with the total U.S. crop being 275 to 350 million pounds. Sweet cherries primarily are grown in the Pacific Coast states, but Michigan joins the top four producers, harvesting about 20 percent of the crop each year. Michigan produces about 50 million pounds of sweet cherries.

Wineries and Eateries

The Traverse City area is home to numerous vintners who grow grapes and bottle wines on the scenic Old Mission and Leelanau Peninsulas. The wines are fast becoming among the finest offered nationally and internationally. The ideal climate, with vineyards protected by winter snows and conditions moderated by proximity to Lake Michigan, has given rise to a wine industry that has been recognized for its quality and variety since the first winery opened here in 1974. The area also contains 17 breweries and 4 distilleries.

Thanks to its award-winning wines and talented local chefs, Traverse City enjoys a national as a place of food and drink. For two years in a row, Midwest Living has listed Traverse City among its Five Top Food Towns, and Bon Appetit has listed it as one of America's Top Five Foodie Towns.

Arts and Culture

The arts and culture industry represents a diverse group in this region from the world-renown Interlochen Center for the Arts to self-employed artists often working from their homes. Regionally, the arts and culture sector has grown significantly in the past few years and is an important contributing force in the economy. Highlights of the region include Dennos Museum Center, the Traverse City Opera House, the Old Town Playhouse, and the Traverse Symphony Orchestra.

Healthcare

Munson Healthcare, the parent company for Munson Medical Center in Traverse City and six other affiliated hospitals, is the region's largest provider of health care and also the region's largest employer with over 5,000 employees. Munson serves 24 counties in northern Michigan and offers 41 specialties including one of the nation's top heart programs.

Quality of Life

The Grand Traverse region has been continuously recognized for its quality of life. This same high quality of life has been essential for the economic growth of the region. Recent recognition includes the following:

- Midwest Living Magazine (March 2016) - “Midwest Living Greatest Town”
- Condé Nast Traveler (January 2016) - “The Most Beautiful Towns in America”
- USA Today (September 2015) - “Best Scenic Autumn Drive”
- Zagat (July 2015) - “6 Hot U.S. Food Destinations to Visit This Summer”
- Smithsonian Magazine (April 2015) - “20 Best Small Towns to Visit in 2015”
- Horizon Travel Magazine (February 2015) - “Must See American Cities”

MAJOR INITIATIVES

Boardman River Dams

The Grand Traverse County Board of Commissioners has decided to remove the Boardman and Sabin Dams on the Boardman River after a long study that included surrounding property owners, the Michigan Department of Natural Resources and Environment (DNRE), the U.S. Army Corps of Engineers, Grand Traverse County Road Commission, City of Traverse City, and Traverse City Light and Power. This decision is joined by the City of Traverse City which has removed Brown Bridge Dam also on the Boardman River. The County and City are working with the Army Corps of Engineers and DNRE on the removal of the dams and to restore the river. A project of this scale is substantial and will have a significant impact on the community.

Brownfield Redevelopment

Since its inception, the Grand Traverse County Brownfield Redevelopment Authority has been one of the most active authorities in Michigan, working to revitalize environmentally distressed areas. Over \$250 million of private investment has been added to the Grand Traverse County tax base as a result of environmental clean-up of nearly 20 brownfield sites. The new investment and new businesses have resulted in the creation of over 1,800 jobs. Further, an additional \$245 million in investments is anticipated in the continued redevelopment of these sites.

Economic Development

Grand Traverse County has been designated as a Next Michigan Development Corporation by the Michigan Strategic Fund Board. As one of only six communities in Michigan, “Northern Nexus” utilizes key economic development tools to assist in the expansion and attraction of businesses that ship goods by two or more modes of transportation. With strong support from the Michigan Economic Development Corporation, Northern Nexus works in partnership with the City of Traverse City, Garfield Charter Township, East Bay Charter Township and Blair Township.

National Cherry Festival

Traverse City is considered the Cherry Capital of the World. Its annual celebration, the National Cherry Festival, is held every July and attracts over 500,000 people over eight days. At a minimum, the annual festival contributes \$26 million to the region. The festival has been well recognized by the Governor, the Michigan legislature, AAA Michigan and USA Today. The festival is also annually rated in the Top 100 Festivals and Events in North America by the American Bus Association.

Traverse City Film Festival

Every summer, the annual Traverse City Film Festival, founded by Academy Award winning filmmaker Michael Moore and co-founders, photographer John Robert Williams and New York Times bestselling author Doug Stanton, presents the best of independent, foreign, and documentary films in several indoor movie houses and one free outdoor location. The Festival also operates the historic State Theatre as a highly successful year-round movie house.

Traverse City Beach Bums Professional Baseball Team and Hockeytown North

Averaging 145,000 fans a year, Wuerfel Park is home to the Traverse City Beach Bums professional baseball team of the Frontier League and draws fans from across northern Michigan. Across town, Centre Ice, known as Hockeytown North, is home to the training camp of the Detroit Red Wings and its annual prospects tournament.

Coast Guard City

In 2010, Traverse City was designated as a “Coast Guard City.” Traverse City is one of only sixteen Coast Guard Cities in the United States. There are 136 Coast Guard personnel stationed at Air Station Traverse City located at Cherry Capital Airport. Traverse City is considered the #1 retirement location for Coast Guard personnel.

FINANCIAL INFORMATION

Relevant Financial Policies

In accordance with the County's General Financial Policy, the General fund objective is to establish and maintain a 15% level of unassigned fund balance based on the General fund's most current adopted operating budget.

The 100% Tax Payment Fund Policy, which authorizes appropriations from the 100% Tax Payment fund, requires that it be self-funded. Beginning in 1999, the fund retains 25% of the earnings, with the balance available for distribution or appropriation to the general fund. Since 2002, \$450,000 of the amount available for appropriation has been designated as a capital appropriation.

Cash balances are invested according to the Investment Policy adopted by the Board of Commissioners. The Board of Commissioners has authorized the Grand Traverse County Treasurer to invest surplus funds of the County in accordance with those investments permitted by Act 20 of the Michigan Public Acts of 1943 as amended, M.C.L. 129.91. The Act generally allows the County to deposit funds in banks, savings and loan associations, and credit unions in the state of Michigan. The Act also provides for investments in U.S. government obligations; certificates of deposit, savings accounts and deposit accounts of banks, savings and loans, and credit unions who are members of the FDIC, FSLIC, and NACU, respectively; commercial paper; U. S. government or federal agency obligation repurchase agreements; bankers' acceptances of United States banks; and, with some restrictions, mutual funds.

Employees' Retirement Systems

The County participates in the Municipal Employees Retirement System of Michigan (MERS), and offers both a defined benefit pension plan and a defined contribution pension plan for most full-time employees.

OTHER INFORMATION

Risk Management

Grand Traverse County, through the Michigan Municipal Risk Management Authority (MMRMA) is self-insured for property, general, inland marine, crime, auto liability, and bonds. In addition, the County provides an insured short term and long term disability benefit for employees and self-insures worker's compensation claims up to \$350,000. Claims in excess of this amount are covered or indemnified by a specific excess worker's compensation re-insurance policy up to \$5,000,000.

Awards and Acknowledgements

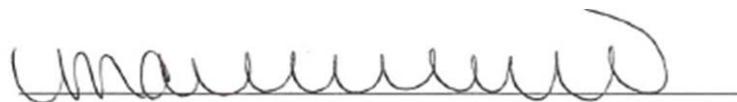
The Government Finance Officers Association of the United States and Canada (GFOA) awarded ten consecutive Certificates of Achievement for Excellence in Financial Reporting to Grand Traverse County, Michigan for its Comprehensive Annual Financial Report (CAFR) for the fiscal years ended December 31, 2005-2014. This Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR whose contents conform to program standards. This CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are again submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department and other county departments, and the various elected and appointed officials. We would like to express our appreciation to everyone who assisted in and contributed to the preparation of this report. We would also like to thank the Board of Commissioners for their interest and support in planning and conducting the financial operations of the county in a responsible and progressive manner.

Sincerely,

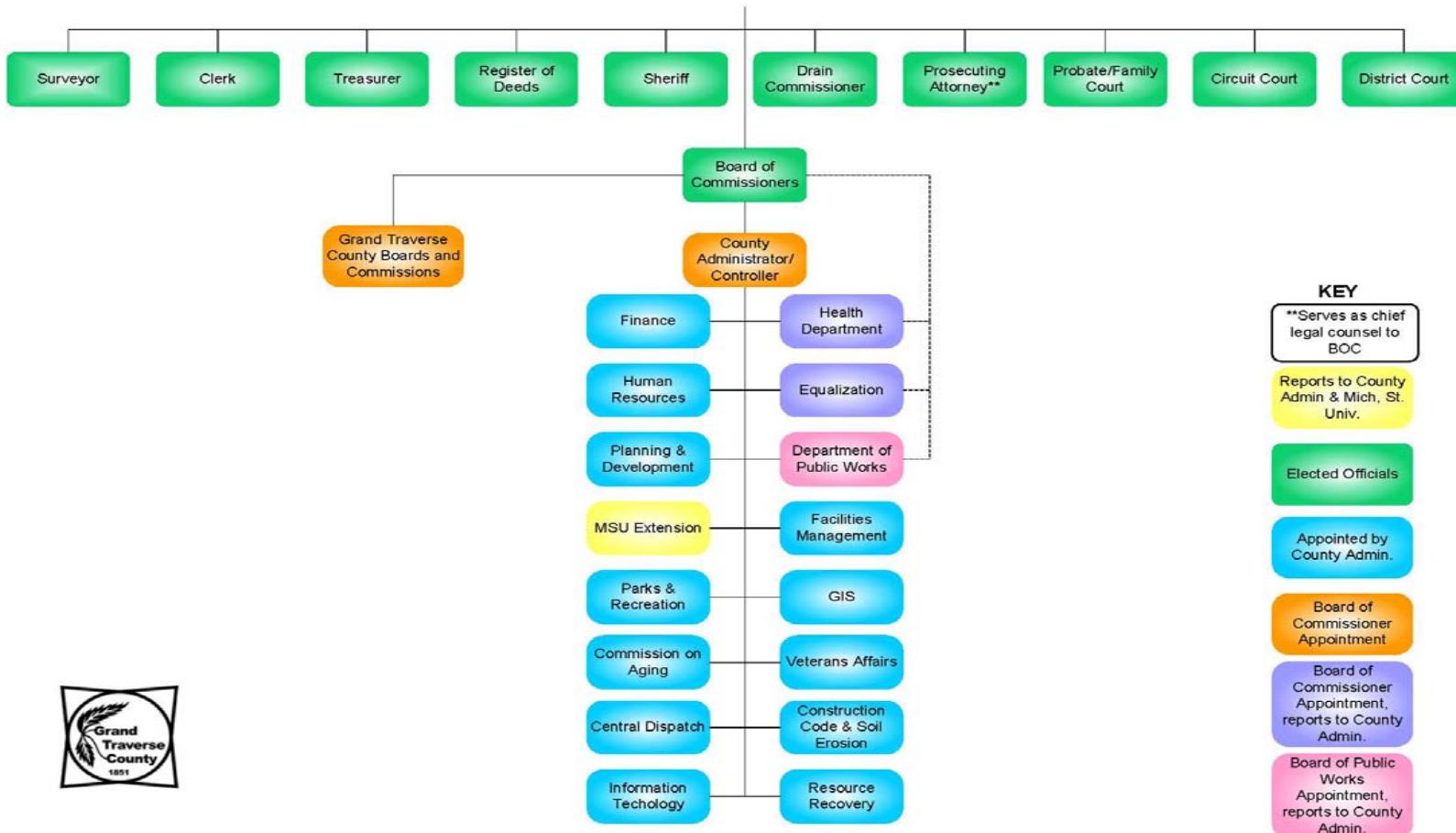
A handwritten signature in black ink, appearing to read "Marissa Milliron".

Marissa Milliron
Interim Director of Finance

Grand Traverse County

Organizational Chart

VOTERS OF GRAND TRAVERSE COUNTY





Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Grand Traverse County
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

A handwritten signature in black ink, appearing to read "Jeffrey P. Evans".

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

June 21, 2016

Board of Commissioners
Grand Traverse County, Michigan
Traverse City, 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 *Grand Traverse County, Michigan* (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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, 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 Grand Traverse County, Michigan, as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 68

As described in Note 20, the County implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Accordingly, beginning net position of governmental activities, the Grand Traverse Pavilions enterprise fund, nonmajor enterprise funds, business-type activities, and the aggregate discretely presented component units was restated. Our opinion is not modified with respect to this matter.

Restatement of Beginning Equity

As described in Note 20, beginning fund balance of nonmajor governmental funds was increased to remove the deferred inflow of resources previously recorded against outstanding loans. Our opinion is 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 and the schedules for the pension and other postemployment benefits plans, as listed 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules 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 fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Other Reporting Required by *Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2016, on our consideration of Grand Traverse County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Loham LLC". The signature is fluid and cursive, with "Rehmann" and "Loham" connected by a single stroke, and "LLC" in a smaller, separate area.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

As management of Grand Traverse County, Michigan (the "County") we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended December 31, 2015.

- The County implemented GASB Statement No. 68 in the current year. In addition to expanded disclosure requirements, the County is required to report its net pension liability on the statement of net position. At December 31, 2015, the County's net pension liability totaled \$58,582,614.
- The assets and deferred outflows of the County's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$4,163,529 (*net position*).
- Total net position of the governmental activities increased by \$508,807.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,641,019, an increase of \$1,969,025 in comparison with the prior year. The unassigned fund balance is \$4,845,052 or 26.0% of total fund balances.
- At the end of the current fiscal year, total fund balance for the General fund was \$9,516,512 or 25.7% of total General fund expenditures and transfers out.
- The County's total debt decreased by \$2,026,107 or 11.2% during the current fiscal year, due to principal payments made by the County's building authority, a blended component unit, and changes in compensated absences during 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements themselves.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include legislative, judicial, general government, public safety (including the jail), health and welfare, economic development, and recreation and culture. The business-type activities of the County include the medical care facility, delinquent tax collections, inspections and solid waste.

The government-wide financial statements include not only Grand Traverse County itself (known as the primary government), but also a legally separate Road Commission, Department of Public Works, Drain Commission, Brownfield Redevelopment Authority, Land Bank Authority, and Hospital Finance Authority for which Grand Traverse County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The Grand Traverse County Building Authority, although legally separate, functions for all practical purposes as department of the County, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found as listed in the table of contents.

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

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

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

The County maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Commission on Aging, and Health Department funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found as listed in the table of contents.

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type* activities in the government-wide financial statements. The County uses enterprise funds to account for its medical care facility, delinquent tax collections, inspections and solid waste operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Grand Traverse County uses internal service funds to account for its computer equipment maintenance and replacement, insurances, fringe benefits, office supplies, and motor pool. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Grand Traverse Pavilions and the Delinquent Tax Revolving funds, both of which are considered to be major funds. The internal service funds are combined into a separate single, aggregated presentation in the proprietary fund financial statements. Individual fund data for nonmajor enterprise funds and internal service funds are provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found as listed in the table of contents.

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

The basic fiduciary fund financial statements can be found as listed in the table of contents.

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. The notes to the financial statements can be found as listed in the table of contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide retirement and other postemployment benefits to its employees. Required supplementary information (RSI) can be found as listed in the table of contents.

The combining and individual fund financial statements and schedules are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found as listed in the table of contents, with the statistical data and single audit information immediately following.

Government-Wide Financial Analysis

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$37,617,469 at the close of the most recent fiscal year.

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

| | Net Position | | | | | |
|---------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Assets | | | | | | |
| Current and other assets | \$22,167,985 | \$23,079,016 | \$27,190,239 | \$28,394,425 | \$49,358,224 | \$51,473,441 |
| Capital assets, net | 46,297,495 | 44,633,141 | 22,542,556 | 23,434,975 | 68,840,051 | 68,068,116 |
| Total assets | 68,465,480 | 67,712,157 | 49,732,795 | 51,829,400 | 118,198,275 | 119,541,557 |
| Deferred outflows of resources | | | | | | |
| | 3,013,912 | - | 2,138,440 | 265,653 | 5,152,352 | 265,653 |
| Liabilities | | | | | | |
| Long-term liabilities | 10,768,633 | 11,509,010 | 5,362,768 | 6,648,498 | 16,131,401 | 18,157,508 |
| Other liabilities | 53,778,353 | 4,837,646 | 13,054,527 | 2,748,312 | 66,832,880 | 7,585,958 |
| Total liabilities | 64,546,986 | 16,346,656 | 18,417,295 | 9,396,810 | 82,964,281 | 25,743,466 |
| Deferred inflows of resources | | | | | | |
| | 2,768,877 | 2,684,004 | - | 2,950,332 | 2,768,877 | 5,634,336 |
| Net position | | | | | | |
| Net investment in capital assets | 36,973,243 | 34,740,741 | 17,955,211 | 17,659,457 | 54,928,454 | 52,400,198 |
| Restricted | 6,333,156 | 5,990,820 | - | - | 6,333,156 | 5,990,820 |
| Unrestricted (deficit) | (39,142,870) | 7,949,936 | 15,498,729 | 22,088,454 | (23,644,141) | 30,038,390 |
| Total net position | \$ 4,163,529 | \$48,681,497 | \$33,453,940 | \$39,747,911 | \$37,617,469 | \$88,429,408 |

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

An additional portion of the County's net position represents resources that are subject to external restrictions on how they may be used. The remaining amount of net position was an unrestricted deficit of \$23,644,141. This is primarily the result of the requirement to record the County's MERS net pension liability.

The County's net position increased by \$1,707,647 during the current fiscal year. The overall increase was a combination of the increase in governmental activities net position of \$508,807 and an increase in business-type activities net position of \$1,198,840.

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

| | Change in Net Position | | | | | |
|-------------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$10,939,133 | \$10,521,881 | \$28,566,723 | \$27,087,151 | \$39,505,856 | \$37,609,032 |
| Operating grants and contributions | 11,780,314 | 9,908,614 | 3,437,010 | 3,589,960 | 15,217,324 | 13,498,574 |
| Capital grants and contributions | 3,266 | 8,572 | - | - | 3,266 | 8,572 |
| General revenues: | | | | | | |
| Property taxes | 25,870,374 | 25,840,580 | 2,754,195 | 2,824,687 | 28,624,569 | 28,665,267 |
| State revenue sharing | 1,691,601 | 331,534 | - | - | 1,691,601 | 331,534 |
| Unrestricted investment earnings | 149,110 | 163,012 | - | - | 149,110 | 163,012 |
| Gain on disposals of capital assets | 30,650 | 29,527 | - | 600 | 30,650 | 30,127 |
| Total revenues | 50,464,448 | 46,803,720 | 34,757,928 | 33,502,398 | 85,222,376 | 80,306,118 |
| Expenses | | | | | | |
| Legislative | 401,656 | 351,081 | - | - | 401,656 | 351,081 |
| Judicial | 10,768,560 | 10,459,538 | - | - | 10,768,560 | 10,459,538 |
| General government | 8,950,493 | 9,065,978 | - | - | 8,950,493 | 9,065,978 |
| Public safety | 17,689,667 | 17,282,568 | - | - | 17,689,667 | 17,282,568 |
| Health and welfare | 11,896,208 | 11,479,359 | - | - | 11,896,208 | 11,479,359 |
| Economic development | 118,290 | 1,497,567 | - | - | 118,290 | 1,497,567 |
| Recreation and cultural | 953,011 | 892,317 | - | - | 953,011 | 892,317 |
| Interest on long-term debt | 291,449 | 303,021 | - | - | 291,449 | 303,021 |
| Inspections | - | - | 1,187,421 | 1,136,764 | 1,187,421 | 1,136,764 |
| Medical care facility | - | - | 30,337,583 | 28,722,957 | 30,337,583 | 28,722,957 |
| Solid waste | - | - | 381,555 | 318,345 | 381,555 | 318,345 |
| Delinquent taxes | - | - | 538,836 | 185,087 | 538,836 | 185,087 |
| Total expenses | 51,069,334 | 51,331,429 | 32,445,395 | 30,363,153 | 83,514,729 | 81,694,582 |
| Change in net position | | | | | | |
| before transfers | (604,886) | (4,527,709) | 2,312,533 | 3,139,245 | 1,707,647 | (1,388,464) |
| Transfers | 1,113,693 | 1,038,962 | (1,113,693) | (1,038,962) | - | - |
| Change in net position | 508,807 | (3,488,747) | 1,198,840 | 2,100,283 | 1,707,647 | (1,388,464) |
| Net position, beginning of year | 48,681,497 | 52,170,244 | 39,747,911 | 37,647,628 | 88,429,408 | 89,817,872 |
| Restatement for GASB 68 | (45,026,775) | - | (7,492,811) | - | (52,519,586) | - |
| Net position, end of year | \$ 4,163,529 | \$48,681,497 | \$33,453,940 | \$39,747,911 | \$37,617,469 | \$88,429,408 |

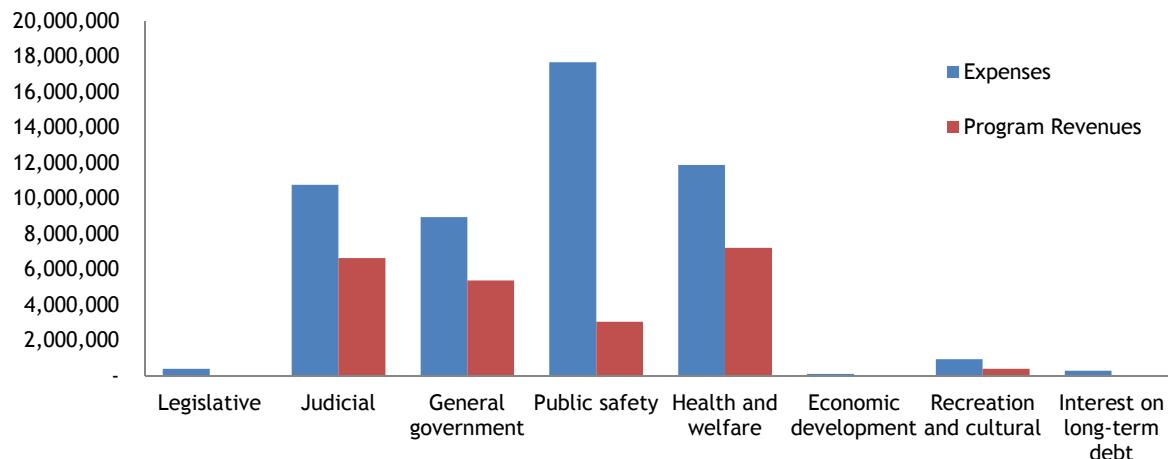
GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the County's net position by \$508,807. Key elements of this increase are as follows:

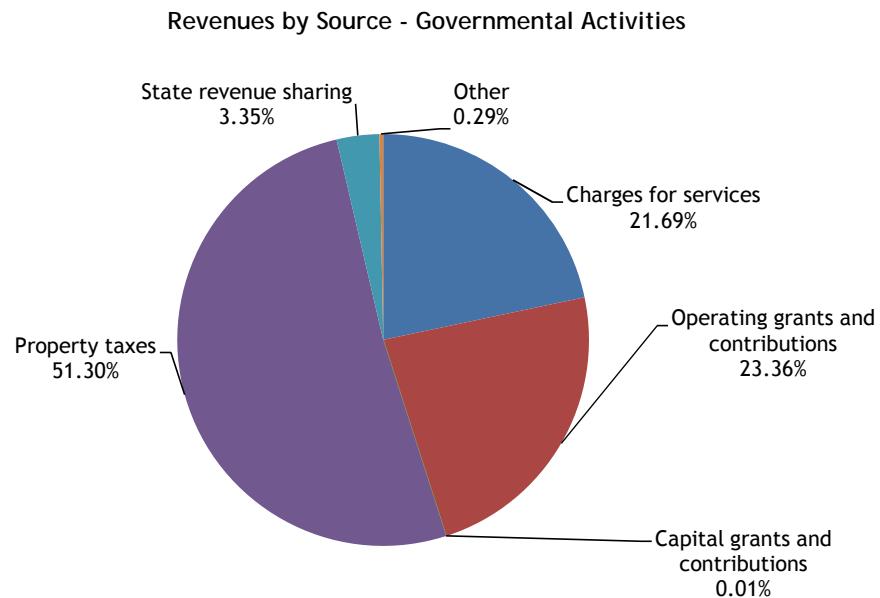
- The increase in state revenue sharing distributions from the State of Michigan.
- The decrease in salary and benefits costs due to a lower number of people working at the County during the year.
- The decrease insurance costs due to receiving a large net asset distribution at the beginning of the year, therefore reducing the insurance expense.
- The reduction in capital improvements during the year.

Expenses and Program Revenues - Governmental Activities



GRAND TRAVERSE COUNTY, MICHIGAN

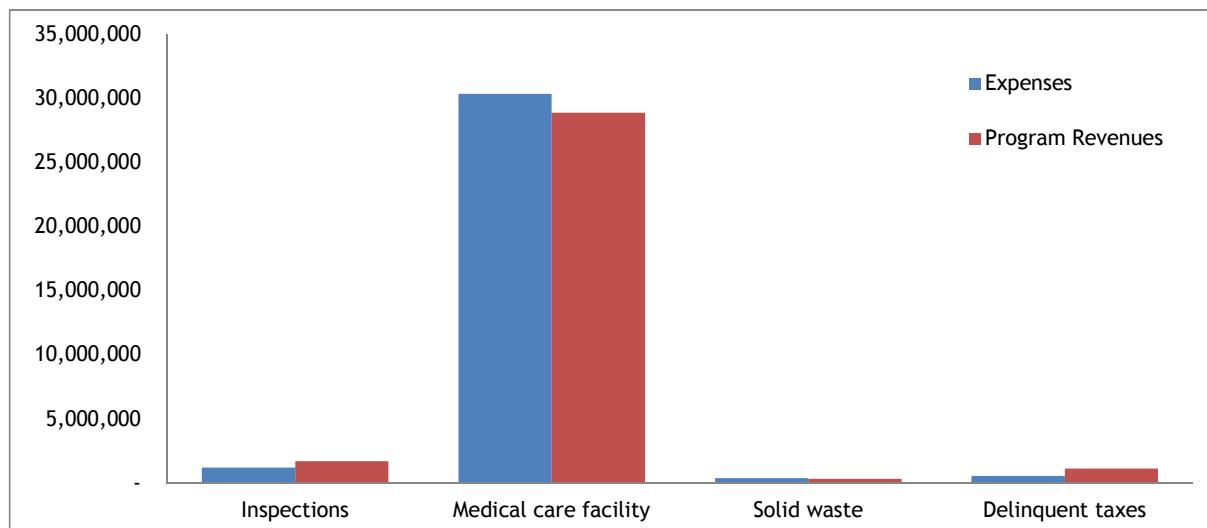
Management's Discussion and Analysis



Business-type activities. Business-type activities increased the County's net position by \$1,198,840. Key elements of this increase are as follows:

- Total nonoperating revenues of \$2,502,043 for Grand Traverse Pavilions Medical Facility which offset an operating loss of \$1,220,904.
- Operating income of \$368,637 for Delinquent Tax Revolving fund offset by net transfers out of \$933,549.
- Operating income of \$629,339 for the other enterprise funds offset by net transfers out of \$180,144.

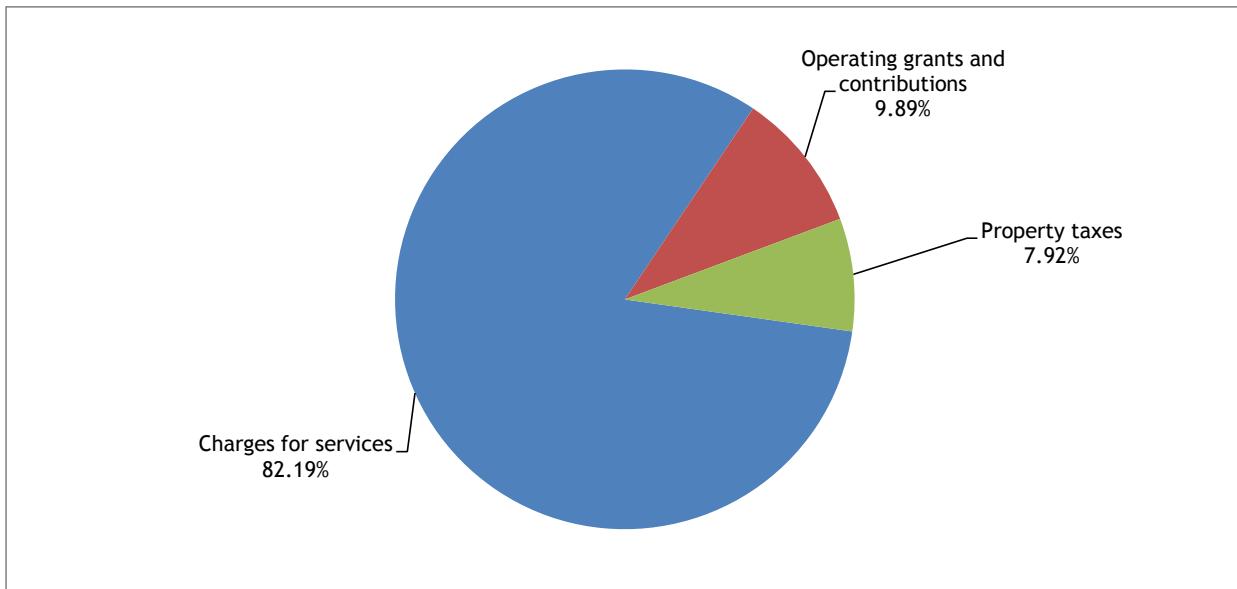
Expenses and Program Revenues - Business-type Activities



GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

Revenues by Source - Business-type Activities



Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$18,641,019, an increase of \$1,969,025 in comparison with the prior year. The unassigned fund balance is \$4,845,052 or 26.0% of total fund balances. The remainder of fund balance is not available for spending at the County's discretion because it is nonspendable \$2,404,688; restricted \$6,330,141; committed \$4,561,138; or assigned \$500,000.

The General fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General fund was \$6,665,052 while total fund balance was \$9,516,512. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 18.0% of total General fund expenditures and transfers out.

The fund balance of the County's General fund increased by \$578,452 during the current fiscal year. The main reasons for this increase was a large net asset distribution being received for insurance therefore reducing the expense and receiving more state revenue sharing funds during the year.

The Commission on Aging Fund had an increase in fund balance of \$199,478. This increase in fund balance was due to the increase in other revenues.

The Health Department fund had an increase in fund balance of \$613,829. This increase was due mainly to multiple year final payments on the Medicaid cost settlement report.

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures and transfers out resulted in a net decrease of \$20,365 in appropriations. A major change in appropriations was the large reduction in the budgeted expenditures for insurance and bonds due to receiving a large net asset distribution at the beginning of 2015.

The final liquor tax revenue was significantly less than the final budgeted total because the State was withholding its entire debt payments from its disbursements. After the debt payment was held, there were fewer funds available to distribute to the County in 2015.

Register of deeds land transfer revenues exceeded the final budgeted amount by approximately \$143,000 because there were more real estate transactions and property sales than expected due to market conditions improving.

Insurance and bonds expenditures were less than the final budget for this line by approximately \$154,000 because a large net asset distribution was received at the beginning of 2015, therefore reducing the insurance costs for 2015.

Substance abuse expenditures varied from the final budget because the appropriation is paid out based on a percentage of the liquor tax received. Since the liquor tax revenue received during the year was lower, the appropriation to substance abuse was also lower.

Transfers out to the register of deeds fund and the child care fund were also less than the final budgeted. This is because the process was changed for recording fees directly to the automation fund versus performing a transfer. The child care fund expenses came in lower than projected so additional appropriations were not considered necessary.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December 31, 2015, amounted to \$68,840,051. This investment in capital assets includes land, buildings and improvements, machinery and equipment, and vehicles. The total change in the County's net investment in capital assets for the current fiscal year was an increase of 3.7% for the governmental activities and a decrease of 3.8% for the business-type activities.

| | Capital Assets (Net of Depreciation) | | | | | |
|----------------------------|--------------------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$15,639,877 | \$15,639,877 | \$ 1,820,550 | \$ 1,820,550 | \$17,460,427 | \$17,460,427 |
| Construction in progress | 3,134,911 | - | 98,668 | 31,396 | 3,233,579 | 31,396 |
| Land improvements | 732,946 | 814,862 | 709,361 | 844,333 | 1,442,307 | 1,659,195 |
| Infrastructure | 57,041 | 105,152 | - | - | 57,041 | 105,152 |
| Buildings and improvements | 24,787,028 | 25,844,253 | 19,500,187 | 20,290,616 | 44,287,215 | 46,134,869 |
| Furniture and equipment | 1,263,919 | 1,555,101 | 317,310 | 411,121 | 1,581,229 | 1,966,222 |
| Vehicles and equipment | 681,773 | 673,896 | 96,480 | 36,959 | 778,253 | 710,855 |
| Total | \$46,297,495 | \$44,633,141 | \$22,542,556 | \$23,434,975 | \$68,840,051 | \$68,068,116 |

Additional information on the County's capital assets can be found in Note 7 to the financial statements.

GRAND TRAVERSE COUNTY, MICHIGAN

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$16,131,401. Of this amount, \$14,140,000 comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents compensated absences and bond issuance discounts and premiums.

| | Long-term Debt | | | | | |
|--------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General obligation bonds | \$ 9,365,000 | \$ 9,935,000 | \$ 4,775,000 | \$ 6,010,000 | \$14,140,000 | \$15,945,000 |
| Issuance discount | (40,748) | (42,600) | - | - | (40,748) | (42,600) |
| Issuance premium | - | - | 4,739 | 31,171 | 4,739 | 31,171 |
| Compensated absences | <u>1,444,381</u> | <u>1,616,610</u> | <u>583,029</u> | <u>607,327</u> | <u>2,027,410</u> | <u>2,223,937</u> |
| Total | <u>\$10,768,633</u> | <u>\$11,509,010</u> | <u>\$ 5,362,768</u> | <u>\$ 6,648,498</u> | <u>\$16,131,401</u> | <u>\$18,157,508</u> |

The County's total debt decreased by \$2,026,107 or 11.2% during the current fiscal year. Total debt was decreased by scheduled repayments.

The County maintains bond ratings from Standard & Poor's and Moody's Investors Services, which are as follows:

- Standard & Poor's - AA. Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degrees.
- Moody's Investors Service - Aa3. Bonds which are rated Aa3 are judged to be of a high quality by all standards.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the County is approximately \$524,681,836, which is significantly in excess of the County's outstanding general obligation debt.

Additional information on the County's long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the County's budget for the 2016 fiscal year:

- It is anticipated that the taxable value for property tax revenues will increase by approximately 1.03%. Other revenue sources are estimated to increase slightly.
- There were two open labor contracts going into 2016, Teamsters Central Dispatch and COAM Dispatch Supervisors. These contracts were ratified in early June. There is no wage increase for these contracts in 2016. The salary and benefit costs for all other groups were provided based on contract settlements.
- Overall the outlook for Grand Traverse County remains positive. The continued and anticipated growth in taxable value, increase in development and construction should reduce the need to use available fund balances to maintain current services. Our increase in fund balances this year shows our commitment keeping the expenditures in line with revenue.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Management's Discussion and Analysis

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance office, 400 Boardman Avenue, Traverse City, Michigan 49684.

BASIC FINANCIAL STATEMENTS

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position

December 31, 2015

| | Primary Government | | | |
|--|-------------------------|--------------------------|----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| Assets | | | | |
| Cash and cash equivalents | \$ 10,493,785 | \$ 14,425,393 | \$ 24,919,178 | \$ 9,847,889 |
| Investments | 223,346 | 3,644,475 | 3,867,821 | - |
| Receivables, net | 12,459,125 | 6,866,485 | 19,325,610 | 34,753,437 |
| Internal balances | (2,121,058) | 2,121,058 | - | - |
| Inventories | - | 122,907 | 122,907 | 1,354,045 |
| Prepaid items and other assets | 1,112,787 | 9,921 | 1,122,708 | 4,859,938 |
| Restricted cash | - | - | - | 327,834 |
| Capital assets not being depreciated | 18,774,788 | 1,919,218 | 20,694,006 | 28,559,102 |
| Capital assets being depreciated, net | 27,522,707 | 20,623,338 | 48,146,045 | 55,050,782 |
| Total assets | <u>68,465,480</u> | <u>49,732,795</u> | <u>118,198,275</u> | <u>134,753,027</u> |
| Deferred outflows of resources | | | | |
| Deferred loss on advance refunding | - | 192,394 | 192,394 | - |
| Deferred pension amounts | <u>3,013,912</u> | <u>1,946,046</u> | <u>4,959,958</u> | <u>449,420</u> |
| Total deferred outflows of resources | <u>3,013,912</u> | <u>2,138,440</u> | <u>5,152,352</u> | <u>449,420</u> |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 2,531,776 | 2,033,014 | 4,564,790 | 12,499,229 |
| Unearned revenues | 91,940 | - | 91,940 | 49,876 |
| Long-term debt: | | | | |
| Due within one year | 616,175 | 480,973 | 1,097,148 | 3,659,008 |
| Due in more than one year | 10,152,458 | 4,881,795 | 15,034,253 | 27,809,659 |
| Net pension liability | 48,591,571 | 9,991,043 | 58,582,614 | 3,764,177 |
| Net other postemployment benefits obligation | 2,563,066 | 1,030,470 | 3,593,536 | 2,546,289 |
| Total liabilities | <u>64,546,986</u> | <u>18,417,295</u> | <u>82,964,281</u> | <u>50,328,238</u> |
| Deferred inflows of resources | | | | |
| Property taxes levied for subsequent year | <u>2,768,877</u> | <u>-</u> | <u>2,768,877</u> | <u>3,674,932</u> |
| Net position | | | | |
| Net investment in capital assets | 36,973,243 | 17,955,211 | 54,928,454 | 80,116,566 |
| Restricted for: | | | | |
| Nonexpendable trusts | 192,486 | - | 192,486 | - |
| Medicaid cost-based reimbursement program | 566,644 | - | 566,644 | - |
| State mandated programs | 3,040,594 | - | 3,040,594 | - |
| Housing and economic development loans | 2,484,261 | - | 2,484,261 | - |
| Donations and contributions | 49,171 | - | 49,171 | - |
| Road commission | - | - | - | 3,583 |
| Drain commission | - | - | - | 86,730 |
| Land bank authority | - | - | - | 726,866 |
| Unrestricted (deficit) | <u>(39,142,870)</u> | <u>15,498,729</u> | <u>(23,644,141)</u> | <u>265,532</u> |
| Total net position | <u>\$ 4,163,529</u> | <u>\$ 33,453,940</u> | <u>\$ 37,617,469</u> | <u>\$ 81,199,277</u> |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2015

| Functions / Programs | Expenses | Indirect Expense Allocation | Program Revenues | | | | Net (Expense) Revenues | | | |
|---|----------------------|-----------------------------------|-------------------------|--|--|------------------------|------------------------------|--|--|--|
| | | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | | | | | |
| Primary government | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Legislative | \$ 427,854 | \$ (26,198) | \$ 360 | \$ - | \$ - | \$ - | \$ (401,296) | | | |
| Judicial | 9,530,121 | 1,238,439 | 2,946,079 | 3,693,319 | - | - | (4,129,162) | | | |
| General government | 10,480,445 | (1,529,952) | 3,254,000 | 2,123,084 | - | - | (3,573,409) | | | |
| Public safety | 17,508,998 | 180,669 | 980,824 | 2,077,357 | 3,266 | - | (14,628,220) | | | |
| Health and welfare | 11,840,338 | 55,870 | 3,413,568 | 3,817,002 | - | - | (4,665,638) | | | |
| Economic development | 118,290 | - | - | 14,517 | - | - | (103,773) | | | |
| Recreation and cultural | 953,011 | - | 344,302 | 55,035 | - | - | (553,674) | | | |
| Interest on long-term debt | 291,449 | - | - | - | - | - | (291,449) | | | |
| Total governmental activities | 51,150,506 | (81,172) | 10,939,133 | 11,780,314 | 3,266 | (28,346,621) | | | | |
| Business-type activities: | | | | | | | | | | |
| Inspections | 1,152,804 | 34,617 | 1,685,449 | - | - | - | 498,028 | | | |
| Medical Care Facility (Pavilions) | 30,295,733 | 41,850 | 26,212,501 | 2,652,026 | - | - | (1,473,056) | | | |
| Solid waste | 376,850 | 4,705 | 296,397 | 36,780 | - | - | (48,378) | | | |
| Delinquent tax collection and administration | 538,836 | - | 372,376 | 748,204 | - | - | 581,744 | | | |
| Total business-type activities | 32,364,223 | 81,172 | 28,566,723 | 3,437,010 | - | - | (441,662) | | | |
| Total primary government | \$ 83,514,729 | \$ - | \$ 39,505,856 | \$ 15,217,324 | \$ 3,266 | \$ (28,788,283) | | | | |
| Component units | | | | | | | | | | |
| Road Commission | \$ 11,506,495 | \$ - | \$ 1,431,038 | \$ 10,196,327 | \$ 2,388,243 | \$ 2,509,113 | | | | |
| Department of Public Works | 7,689,696 | - | 1,303,638 | 6,608,314 | - | - | 222,256 | | | |
| Drain Commission | 64,276 | - | - | 10,000 | - | - | (54,276) | | | |
| Brownfield Redevelopment Authority | 1,574,518 | - | - | 767,696 | - | - | (806,822) | | | |
| Land Bank Authority | 103,654 | - | 223,640 | 9,695 | - | - | 129,681 | | | |
| Total component units | \$ 20,938,639 | \$ - | \$ 2,958,316 | \$ 17,592,032 | \$ 2,388,243 | \$ 1,999,952 | | | | |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2015

| | Primary Government | | | |
|--|-------------------------|--------------------------|------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | Component Units |
| Changes in net position | | | | |
| Net (expense) revenues | <u>\$ (28,346,621)</u> | <u>\$ (441,662)</u> | <u>\$ (28,788,283)</u> | <u>\$ 1,999,952</u> |
| General revenues: | | | | |
| Property taxes | 25,870,374 | 2,754,195 | 28,624,569 | 5,666,422 |
| State revenue sharing | 1,691,601 | - | 1,691,601 | - |
| Unrestricted investment earnings | 149,110 | - | 149,110 | 24,638 |
| Gain on sale of capital assets | 30,650 | - | 30,650 | 309,975 |
| Transfers - internal activities | <u>1,113,693</u> | <u>(1,113,693)</u> | - | - |
| Total general revenues and transfers | <u>28,855,428</u> | <u>1,640,502</u> | <u>30,495,930</u> | <u>6,001,035</u> |
| Change in net position | 508,807 | 1,198,840 | 1,707,647 | 8,000,987 |
| Net position, beginning of year, as restated | <u>3,654,722</u> | <u>32,255,100</u> | <u>35,909,822</u> | <u>73,198,290</u> |
| Net position, end of year | <u>\$ 4,163,529</u> | <u>\$ 33,453,940</u> | <u>\$ 37,617,469</u> | <u>\$ 81,199,277</u> |

concluded

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

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GRAND TRAVERSE COUNTY, MICHIGAN

Balance Sheet Governmental Funds December 31, 2015

| | General | Commission on Aging | Health Department | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------------|----------------------|-----------------------------------|--------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 2,152,056 | \$ 2,659,846 | \$ 1,166,497 | \$ 3,669,147 | \$ 9,647,546 |
| Investments | 152,820 | - | - | 70,526 | 223,346 |
| Receivables, net: | | | | | |
| Accounts | 223,875 | 60 | 93,459 | 815,248 | 1,132,642 |
| Loans | - | - | - | 2,484,261 | 2,484,261 |
| Taxes | - | 2,448,512 | - | - | 2,448,512 |
| Interest | 23,612 | - | - | 674 | 24,286 |
| Due from other governments | 4,430,721 | - | 1,114,596 | 793,090 | 6,338,407 |
| Due from other funds | 1,839,029 | - | - | 569,369 | 2,408,398 |
| Prepaid items | 9,586 | 735 | 44,125 | 8,368 | 62,814 |
| Advance to other funds | 2,341,874 | - | - | - | 2,341,874 |
| Total assets | \$ 11,173,573 | \$ 5,109,153 | \$ 2,418,677 | \$ 8,410,683 | \$ 27,112,086 |
| Liabilities | | | | | |
| Accounts payable | \$ 226,771 | \$ 80,092 | \$ 71,198 | \$ 334,669 | \$ 712,730 |
| Accrued liabilities | 731,274 | 90,698 | 54,717 | 247,892 | 1,124,581 |
| Due to other funds | 644,522 | 8,665 | 17,999 | 784,317 | 1,455,503 |
| Due to other governments | 300 | - | - | 125,262 | 125,562 |
| Advance from other funds | - | - | - | 2,191,874 | 2,191,874 |
| Unearned revenues | 54,194 | - | 32,163 | 5,583 | 91,940 |
| Total liabilities | 1,657,061 | 179,455 | 176,077 | 3,689,597 | 5,702,190 |
| Deferred inflows of resources | | | | | |
| Property taxes levied for subsequent year | - | 2,768,877 | - | - | 2,768,877 |
| Fund balances | | | | | |
| Nonspendable | 2,351,460 | 735 | 44,125 | 8,368 | 2,404,688 |
| Restricted | - | 2,160,086 | 759,130 | 3,410,925 | 6,330,141 |
| Committed | - | - | 1,439,345 | 3,121,793 | 4,561,138 |
| Assigned | 500,000 | - | - | - | 500,000 |
| Unassigned (deficit) | 6,665,052 | - | - | (1,820,000) | 4,845,052 |
| Total fund balances | 9,516,512 | 2,160,821 | 2,242,600 | 4,721,086 | 18,641,019 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 11,173,573 | \$ 5,109,153 | \$ 2,418,677 | \$ 8,410,683 | \$ 27,112,086 |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2015

| | |
|--|---------------|
| Fund balances - total governmental funds | \$ 18,641,019 |
|--|---------------|

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 not reported in the funds.

| | |
|--|-------------|
| Capital assets not being depreciated | 18,774,788 |
| Capital assets being depreciated, net | 27,522,707 |
| Less amounts accounted for in governmental type internal service funds | (3,334,263) |

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.

| | |
|---|-----------|
| Net position of governmental activities accounted for in internal service funds | 1,470,914 |
|---|-----------|

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

| | |
|--|-------------|
| Bonds payable | (9,365,000) |
| Unamortized bond discount | 40,748 |
| Compensated absences | (1,444,381) |
| Less amounts accounted for in governmental type internal service funds | 32,653 |
| Accrued interest on long-term liabilities | (34,931) |
| Net other postemployment benefits obligation | (2,563,066) |

Certain pension-related amounts, such as the net pension liability and deferred amounts, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the funds.

| | |
|--|--------------|
| Net pension liability | (48,591,571) |
| Deferred outflows related to the net pension liability | 3,013,912 |

| | |
|---|--------------|
| Net position of governmental activities | \$ 4,163,529 |
|---|--------------|

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2015

| | General | Commission on Aging | Health Department | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------------|----------------------|-----------------------------------|--------------------------------|
| Revenues | | | | | |
| Property and other taxes | \$ 23,259,333 | \$ 2,611,041 | \$ 419,348 | \$ - | \$ 25,870,374 |
| Licenses and permits | 194,270 | - | 419,348 | 18,310 | 631,928 |
| Intergovernmental: | | | | | |
| Federal sources | 153,900 | - | 2,890,165 | 1,687,546 | 4,731,611 |
| State sources | 2,761,345 | - | 1,330,395 | 1,236,973 | 5,328,713 |
| Local sources | 1,846,490 | 41,425 | 214,257 | 3,082,447 | 5,184,619 |
| Charges for services | 4,466,398 | 330,511 | 405,308 | 961,992 | 6,164,209 |
| Fines and forfeitures | 94,310 | - | - | - | 94,310 |
| Reimbursements | 2,477,661 | - | - | - | 2,477,661 |
| Contributions | 335 | - | - | - | 335 |
| Rental revenues | 576,606 | - | - | 114,866 | 691,472 |
| Interest revenues | 124,033 | 9,645 | - | 14,137 | 147,815 |
| Other revenues | 6,479 | 124,400 | 7,169 | 527,558 | 665,606 |
| Total revenues | 35,961,160 | 3,117,022 | 5,266,642 | 7,643,829 | 51,988,653 |
| Expenditures | | | | | |
| Current: | | | | | |
| Legislative | 425,994 | - | - | - | 425,994 |
| Judicial | 2,491,287 | - | - | 7,889,661 | 10,380,948 |
| General government | 8,276,481 | - | - | 1,859,145 | 10,135,626 |
| Public safety | 13,526,002 | - | - | 2,590,674 | 16,116,676 |
| Health and welfare | 979,751 | 2,902,828 | 5,988,854 | 2,060,842 | 11,932,275 |
| Economic development | - | - | - | 118,290 | 118,290 |
| Recreation and cultural | - | - | - | 759,599 | 759,599 |
| Debt service: | | | | | |
| Principal | - | - | - | 570,000 | 570,000 |
| Interest and fiscal charges | - | - | - | 291,256 | 291,256 |
| Capital outlay | 53,563 | 14,716 | - | 267,513 | 335,792 |
| Total expenditures | 25,753,078 | 2,917,544 | 5,988,854 | 16,406,980 | 51,066,456 |
| Revenues over (under) expenditures | 10,208,082 | 199,478 | (722,212) | (8,763,151) | 922,197 |
| Other financing sources (uses) | | | | | |
| Proceeds from sale of capital assets | 23,175 | - | 7,475 | - | 30,650 |
| Transfers in | 1,603,924 | - | 1,328,566 | 9,924,330 | 12,856,820 |
| Transfers out | (11,256,729) | - | - | (583,913) | (11,840,642) |
| Total other financing sources (uses) | (9,629,630) | | 1,336,041 | 9,340,417 | 1,046,828 |
| Net change in fund balances | 578,452 | 199,478 | 613,829 | 577,266 | 1,969,025 |
| Fund balances, beginning of year, as restated | 8,938,060 | 1,961,343 | 1,628,771 | 4,143,820 | 16,671,994 |
| Fund balances, end of year | \$ 9,516,512 | \$ 2,160,821 | \$ 2,242,600 | \$ 4,721,086 | \$ 18,641,019 |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2015

| | |
|--|--------------|
| Net change in fund balances - total governmental funds | \$ 1,969,025 |
|--|--------------|

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

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

| | |
|--|-------------|
| Acquisition/construction of capital assets | 3,595,121 |
| Less acquisition/construction of capital assets accounted for in governmental internal service funds | (3,193,954) |
| Depreciation expense | (1,930,767) |
| Less depreciation expense accounted for in governmental internal service funds | 103,946 |
| Gain on disposal of capital assets | 30,650 |
| Proceeds from sale of capital assets | (30,650) |

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

| | |
|--|-----------|
| Change in accrued interest payable | 1,659 |
| Change in the net pension liability and related deferred amounts | (550,884) |
| Change in net other postemployment benefits obligation | (515,234) |

Bond proceeds provide current financial resources to governmental funds in the period issued, issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Bond discounts and premiums are reported as expenditures or other financing sources/uses in the governmental funds, but are reported with long-term liabilities in the statement of net position and are amortized.

| | |
|---|---------|
| Principal payments on bonds payable | 570,000 |
| Amortization of bond discounts | (1,852) |
| Change in accrual of compensated absences | 172,229 |
| Less change in accrual of compensated absences accounted for in governmental internal service funds | (2,041) |

Internal service funds are used by management to charge the costs of certain activities, such as equipment usage and employee benefits, to individual funds. The net revenues (expense) of internal service funds is reported with governmental activities.

| | |
|---|-------------------|
| Change in net position of internal service funds | <u>291,559</u> |
| Change in net position of governmental activities | <u>\$ 508,807</u> |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
|--|-------------------|-------------------|-------------------|----------------------------------|
| Revenues | | | | |
| Property and other taxes: | | | | |
| Current property taxes | \$ 22,000,000 | \$ 22,000,000 | \$ 22,099,919 | \$ 99,919 |
| Unpaid personal property taxes | 18,500 | 20,125 | 55,692 | 35,567 |
| Swamp land tax | 84,142 | 84,142 | 112,190 | 28,048 |
| Trailer tax | 12,000 | 12,000 | 11,867 | (133) |
| Payment in lieu of taxes | 37,500 | 37,500 | 40,698 | 3,198 |
| Commercial forest reserve tax | 4,500 | 4,500 | 1,995 | (2,505) |
| Industrial and commercial facilities taxes | 73,000 | 73,000 | 77,327 | 4,327 |
| Interest on taxes | 54,000 | 54,000 | 46,880 | (7,120) |
| Liquor tax | 1,279,569 | 1,279,569 | 812,765 | (466,804) |
| Total taxes | 23,563,211 | 23,564,836 | 23,259,333 | (305,503) |
| Licenses and permits: | | | | |
| Soil erosion | 100,000 | 114,926 | 166,162 | 51,236 |
| Pistol permits | 27,000 | 27,000 | 10,696 | (16,304) |
| Marriage licenses | 7,000 | 7,000 | 8,165 | 1,165 |
| Township liquor licenses | 6,000 | 6,000 | 6,354 | 354 |
| Drug screening | 2,000 | 2,000 | 2,893 | 893 |
| Total licenses and permits | 142,000 | 156,926 | 194,270 | 37,344 |
| Federal sources: | | | | |
| Cooperative reimbursement - prosecutor | 95,500 | 99,500 | 149,332 | 49,832 |
| Anti-drug abuse act | 21,000 | - | 1,302 | 1,302 |
| Bullet proof vests | 3,969 | 3,969 | 3,266 | (703) |
| Total federal sources | 120,469 | 103,469 | 153,900 | 50,431 |
| State sources: | | | | |
| Circuit judge standardization | 60,900 | 60,900 | 60,356 | (544) |
| District judge standardization | 98,439 | 98,439 | 69,203 | (29,236) |
| Probate judge standardization | 55,000 | 55,000 | 55,034 | 34 |
| Probate judge salary | 94,195 | 94,195 | 94,195 | - |
| Probate juvenile officer salary | 90,775 | 90,775 | 85,882 | (4,893) |
| Act 272 funding | 4,000 | 4,000 | 7,577 | 3,577 |
| Victim's rights act | 95,042 | 95,042 | 95,218 | 176 |
| Remonumentation | 67,675 | 67,214 | 67,214 | - |
| Secondary road patrol | 77,748 | 77,748 | 78,489 | 741 |
| Marine safety | 76,000 | 76,000 | 50,227 | (25,773) |
| Off-road vehicle | 10,500 | 10,500 | - | (10,500) |
| Snowmobile | 7,000 | 20,957 | 16,068 | (4,889) |
| Disaster relief | - | - | 16,565 | 16,565 |
| State court fund distribution | 330,000 | 330,000 | 338,522 | 8,522 |
| Caseflow assistance | 41,574 | 41,574 | 35,194 | (6,380) |
| State revenue sharing | 1,497,498 | 1,497,498 | 1,691,601 | 194,103 |
| Total state sources | 2,606,346 | 2,619,842 | 2,761,345 | 141,503 |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
|-----------------------------------|-----------------|----------------|--------------|----------------------------------|
| Revenues (concluded) | | | | |
| Local sources | \$ 1,959,110 | \$ 1,897,783 | \$ 1,846,490 | \$ (51,293) |
| Charges for services: | | | | |
| Circuit court costs and services | 169,150 | 169,150 | 161,803 | (7,347) |
| District court costs and services | 1,552,500 | 1,552,500 | 1,482,283 | (70,217) |
| Probate court services | 37,000 | 37,000 | 36,902 | (98) |
| Family court juvenile | 680,300 | 680,300 | 603,105 | (77,195) |
| Clerk services | 235,150 | 235,150 | 267,265 | 32,115 |
| Equalization | 7,000 | 7,000 | 7,435 | 435 |
| Equalization - East Bay | 151,505 | 151,505 | 125,674 | (25,831) |
| Prosecuting attorney | 2,300 | 2,300 | 3,140 | 840 |
| Register of deeds services | 513,850 | 513,850 | 461,939 | (51,911) |
| Register of deeds land transfer | 526,000 | 526,000 | 669,420 | 143,420 |
| Treasurer services | 13,100 | 17,018 | 18,264 | 1,246 |
| Building and grounds | 51,000 | 51,000 | 46,794 | (4,206) |
| Drain commission | - | 341 | 342 | 1 |
| Sheriff services | 64,100 | 79,249 | 64,450 | (14,799) |
| Sheriff - corrections | 371,600 | 371,600 | 349,028 | (22,572) |
| Planning department | 500 | 500 | 675 | 175 |
| GIS | 10,000 | 25,421 | 9,315 | (16,106) |
| Brownfield administration | 145,000 | 145,000 | 145,000 | - |
| Livery licenses | 800 | 800 | 486 | (314) |
| Other services | 11,150 | 11,150 | 13,078 | 1,928 |
| Total charges for services | 4,542,005 | 4,576,834 | 4,466,398 | (110,436) |
| Fines and forfeitures: | | | | |
| Forfeitures | 500 | 500 | 1,042 | 542 |
| Ordinance fines | 133,500 | 119,000 | 93,268 | (25,732) |
| Total fines and forfeitures | 134,000 | 119,500 | 94,310 | (25,190) |
| Reimbursements: | | | | |
| Indirect cost recovery | 2,064,368 | 2,066,868 | 1,999,227 | (67,641) |
| Other reimbursements and refunds | 44,570 | 85,725 | 155,626 | 69,901 |
| Attorney fee reimbursement | 322,000 | 322,000 | 322,808 | 808 |
| Total reimbursements | 2,430,938 | 2,474,593 | 2,477,661 | 3,068 |
| Contributions | 400 | 400 | 335 | (65) |
| Rental revenues | 577,632 | 577,632 | 576,606 | (1,026) |
| Interest income | 127,492 | 127,492 | 124,033 | (3,459) |
| Other revenues - sales | 6,250 | 6,250 | 6,479 | 229 |
| Total revenues | 36,209,853 | 36,225,557 | 35,961,160 | (264,397) |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
|--------------------------------|-----------------|----------------|------------|----------------------------------|
| Expenditures | | | | |
| Legislative: | | | | |
| Board of Commissioners | \$ 383,905 | \$ 442,595 | \$ 425,994 | \$ (16,601) |
| Judicial: | | | | |
| Jury commission | 49,914 | 49,914 | 35,264 | (14,650) |
| Probate court | 713,448 | 740,203 | 690,791 | (49,412) |
| Probate court - juvenile | 1,852,232 | 1,825,477 | 1,765,232 | (60,245) |
| Total judicial | 2,615,594 | 2,615,594 | 2,491,287 | (124,307) |
| General government: | | | | |
| County administrator | 306,623 | 306,623 | 230,951 | (75,672) |
| Brownfield administration | 192,828 | 193,988 | 184,557 | (9,431) |
| Elections | 45,952 | 57,452 | 39,480 | (17,972) |
| Finance | 556,980 | 556,519 | 553,500 | (3,019) |
| County clerk | 957,568 | 957,568 | 888,898 | (68,670) |
| Equalization | 461,185 | 461,185 | 406,320 | (54,865) |
| Equalization - East Bay | 151,505 | 151,505 | 136,824 | (14,681) |
| Human resources | 471,801 | 471,801 | 411,809 | (59,992) |
| Prosecuting attorney | 1,611,144 | 1,624,007 | 1,632,419 | 8,412 |
| Register of deeds | 308,887 | 329,887 | 323,318 | (6,569) |
| County surveyor | 72,287 | 73,077 | 73,070 | (7) |
| County treasurer | 392,968 | 396,886 | 392,076 | (4,810) |
| Cooperative extension | 300,641 | 303,741 | 302,185 | (1,556) |
| Building authority | 2,156 | 2,156 | 1,881 | (275) |
| Facilities management | 1,122,873 | 1,114,010 | 1,022,160 | (91,850) |
| Drain commission | 18,488 | 21,229 | 20,604 | (625) |
| Soil erosion and sedimentation | 175,118 | 190,044 | 183,095 | (6,949) |
| Soil conservation | 47,500 | 47,500 | 47,500 | - |
| Planning | 203,265 | 202,105 | 200,276 | (1,829) |
| G.I.S. assessment project | 328,449 | 343,870 | 325,909 | (17,961) |
| Disaster relief | - | 18,675 | 18,361 | (314) |
| Contingencies | 100,000 | 31,650 | 1,649 | (30,001) |
| Special appropriations | 687,700 | 690,200 | 690,200 | - |
| Insurance and bonds | 525,000 | 342,998 | 189,439 | (153,559) |
| Total general government | 9,040,918 | 8,888,676 | 8,276,481 | (612,195) |
| Public safety: | | | | |
| Secondary road patrol | 108,120 | 108,120 | 101,730 | (6,390) |
| Central records | 907,336 | 907,336 | 892,922 | (14,414) |
| Special investigation | 192,033 | 137,337 | 79,308 | (58,029) |
| County investigation | 929,316 | 929,793 | 968,833 | 39,040 |
| County off-road vehicle | 18,198 | 10,346 | 21 | (10,325) |
| County patrol | 5,591,238 | 5,485,423 | 5,495,809 | 10,386 |
| Sheriff administration | 600,907 | 604,056 | 596,304 | (7,752) |
| Snowmobile enforcement | 16,353 | 15,803 | 15,240 | (563) |
| Marine law enforcement | 94,663 | 102,515 | 73,556 | (28,959) |
| Township fire | 56,047 | 56,047 | - | (56,047) |
| Corrections | 5,280,654 | 5,331,119 | 5,302,279 | (28,840) |
| Total public safety | 13,794,865 | 13,687,895 | 13,526,002 | (161,893) |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund
For the Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
|---|---------------------|---------------------|---------------------|----------------------------------|
| Expenditures (concluded) | | | | |
| Health and welfare: | | | | |
| Substance abuse | \$ 639,785 | \$ 639,785 | \$ 406,383 | \$ (233,402) |
| Ambulance | 25,000 | 25,000 | 25,000 | - |
| Family independence agency | 54,000 | 54,000 | 54,000 | - |
| Veterans counselor | 502,159 | 502,159 | 494,368 | (7,791) |
| Total health and welfare | 1,220,944 | 1,220,944 | 979,751 | (241,193) |
| Capital outlay | 9,000 | 79,642 | 53,563 | (26,079) |
| Total expenditures | 27,065,226 | 26,935,346 | 25,753,078 | (1,182,268) |
| Revenues over expenditures | 9,144,627 | 9,290,211 | 10,208,082 | 917,871 |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 8,000 | 11,595 | 23,175 | 11,580 |
| Transfers in | 1,603,924 | 1,603,924 | 1,603,924 | - |
| Transfers out: | | | | |
| Register of deeds | (115,000) | (115,000) | - | (115,000) |
| Building authority debt | (1,276,919) | (1,276,919) | (1,276,256) | (663) |
| Health department | (1,328,566) | (1,328,566) | (1,328,566) | - |
| 13th Circuit Court | (1,447,712) | (1,447,712) | (1,443,882) | (3,830) |
| 86th District Court | (3,014,776) | (3,014,776) | (3,052,672) | 37,896 |
| Parks and recreation | (334,814) | (334,814) | (334,814) | - |
| Friend of the court | (357,286) | (357,286) | (357,286) | - |
| Corrections P.A. 511 | (50,218) | (50,218) | (50,218) | - |
| Child care | (975,000) | (975,000) | (770,060) | (204,940) |
| Central dispatch | (243,595) | (243,595) | (175,486) | (68,109) |
| County facilities | (1,770,174) | (1,770,174) | (1,770,174) | - |
| Capital improvements | (507,800) | (599,800) | (599,800) | - |
| Fringe benefits | (80,000) | (97,515) | (97,515) | - |
| Total other financing sources (uses) | (9,889,936) | (9,995,856) | (9,629,630) | (366,226) |
| Net change in fund balance | (745,309) | (705,645) | 578,452 | 1,284,097 |
| Fund balance, beginning of year | 8,938,060 | 8,938,060 | 8,938,060 | - |
| Fund balance, end of year | \$ 8,192,751 | \$ 8,232,415 | \$ 9,516,512 | \$ 1,284,097 |

concluded

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Commission on Aging Special Revenue Fund

For the Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| Revenues | | | | |
| Property and other taxes | \$ 2,676,884 | \$ 2,612,364 | \$ 2,611,041 | \$ (1,323) |
| Intergovernmental - local sources | 17,500 | 24,202 | 41,425 | 17,223 |
| Charges for services | 319,100 | 345,726 | 330,511 | (15,215) |
| Interest revenues | 11,000 | 11,000 | 9,645 | (1,355) |
| Other revenues | 12,900 | 47,748 | 124,400 | 76,652 |
| Total revenues | 3,037,384 | 3,041,040 | 3,117,022 | 75,982 |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 3,277,710 | 3,447,906 | 2,902,828 | (545,078) |
| Capital outlay | 11,800 | 17,800 | 14,716 | (3,084) |
| Total expenditures | 3,289,510 | 3,465,706 | 2,917,544 | (548,162) |
| Net change in fund balance | (252,126) | (424,666) | 199,478 | 624,144 |
| Fund balance, beginning of year | 1,961,343 | 1,961,343 | 1,961,343 | - |
| Fund balance, end of year | \$ 1,709,217 | \$ 1,536,677 | \$ 2,160,821 | \$ 624,144 |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Health Department Special Revenue Fund

For the Year Ended December 31, 2015

| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
|--|---------------------|---------------------|---------------------|----------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ 395,945 | \$ 407,124 | \$ 419,348 | \$ 12,224 |
| Intergovernmental: | | | | |
| Federal sources | 1,902,698 | 1,911,901 | 2,890,165 | 978,264 |
| State sources | 1,366,909 | 1,372,345 | 1,330,395 | (41,950) |
| Local sources | 228,049 | 234,564 | 214,257 | (20,307) |
| Charges for services | 301,600 | 347,100 | 405,308 | 58,208 |
| Other revenues | 11,400 | 12,664 | 7,169 | (5,495) |
| Total revenues | 4,206,601 | 4,285,698 | 5,266,642 | 980,944 |
| Expenditures | | | | |
| Current: | | | | |
| Health and welfare | 6,149,226 | 6,226,377 | 5,988,854 | (237,523) |
| Revenues under expenditures | (1,942,625) | (1,940,679) | (722,212) | 1,218,467 |
| Other financing sources | | | | |
| Proceeds from sale of capital assets | - | - | 7,475 | 7,475 |
| Transfers in | 1,328,566 | 1,328,566 | 1,328,566 | - |
| Total other financing sources | 1,328,566 | 1,328,566 | 1,336,041 | 7,475 |
| Net change in fund balance | (614,059) | (612,113) | 613,829 | 1,225,942 |
| Fund balance, beginning of year | 1,628,771 | 1,628,771 | 1,628,771 | - |
| Fund balance, end of year | \$ 1,014,712 | \$ 1,016,658 | \$ 2,242,600 | \$ 1,225,942 |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds
December 31, 2015

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|--------------------------|---------------------------|----------------------|-------------------------|
| | Grand Traverse Pavilions | Delinquent Tax Revolving | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Assets | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 9,093,768 | \$ 2,305,750 | \$ 3,025,875 | \$ 14,425,393 | \$ 846,239 |
| Investments | - | 3,644,475 | - | 3,644,475 | - |
| Receivables, net: | | | | | |
| Accounts | 3,294,989 | 129,945 | 63,862 | 3,488,796 | 31,017 |
| Taxes | - | 2,859,761 | 238,165 | 3,097,926 | - |
| Interest | - | 270,363 | - | 270,363 | - |
| Due from other governments | - | - | 9,400 | 9,400 | - |
| Inventories | 122,907 | - | - | 122,907 | - |
| Due from other funds | - | 663,729 | 1,265 | 664,994 | 169,984 |
| Prepaid items and other assets | 9,921 | - | - | 9,921 | 1,049,973 |
| Total current assets | <u>12,521,585</u> | <u>9,874,023</u> | <u>3,338,567</u> | <u>25,734,175</u> | <u>2,097,213</u> |
| Noncurrent assets: | | | | | |
| Advance to other funds | - | 2,455,994 | - | 2,455,994 | - |
| Capital assets: | | | | | |
| Capital assets not being depreciated | 1,919,218 | - | - | 1,919,218 | 3,119,723 |
| Capital assets being depreciated, net | 20,623,338 | - | - | 20,623,338 | 214,540 |
| Total noncurrent assets | <u>22,542,556</u> | <u>2,455,994</u> | <u>-</u> | <u>24,998,550</u> | <u>3,334,263</u> |
| Total assets | <u>35,064,141</u> | <u>12,330,017</u> | <u>3,338,567</u> | <u>50,732,725</u> | <u>5,431,476</u> |
| Deferred outflows of resources | | | | | |
| Deferred loss on advance refunding | 192,394 | - | - | 192,394 | - |
| Deferred pension amounts | 1,874,506 | - | 71,540 | 1,946,046 | - |
| Total deferred outflows of resources | <u>2,066,900</u> | <u>-</u> | <u>71,540</u> | <u>2,138,440</u> | <u>-</u> |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 189,100 | 46,782 | 11,728 | 247,610 | 405,052 |
| Accrued liabilities | 920,595 | - | 45,169 | 965,764 | 88,087 |
| Claims payable | - | - | - | - | 40,833 |
| Accrued interest payable | 32,924 | - | - | 32,924 | - |
| Due to other funds | - | 949,990 | 49,940 | 999,930 | 787,943 |
| Advance from other funds | - | - | - | - | 2,605,994 |
| Due to other governments | 526,159 | - | 260,557 | 786,716 | - |
| Current portion of bonds payable | 425,000 | - | - | 425,000 | - |
| Current portion of compensated absences | 54,489 | - | 1,484 | 55,973 | - |
| Total current liabilities | <u>2,148,267</u> | <u>996,772</u> | <u>368,878</u> | <u>3,513,917</u> | <u>3,927,909</u> |
| Long-term liabilities: | | | | | |
| Bonds payable | 4,354,739 | - | - | 4,354,739 | - |
| Compensated absences | 490,398 | - | 36,658 | 527,056 | 32,653 |
| Net pension liability | 8,837,633 | - | 1,153,410 | 9,991,043 | - |
| Net other postemployment benefits obligation | 1,030,470 | - | - | 1,030,470 | - |
| Total long-term liabilities | <u>14,713,240</u> | <u>-</u> | <u>1,190,068</u> | <u>15,903,308</u> | <u>32,653</u> |
| Total liabilities | <u>16,861,507</u> | <u>996,772</u> | <u>1,558,946</u> | <u>19,417,225</u> | <u>3,960,562</u> |
| Net position | | | | | |
| Net investment in capital assets | 17,955,211 | - | - | 17,955,211 | 3,334,263 |
| Unrestricted (deficit) | 2,314,323 | 11,333,245 | 1,851,161 | 15,498,729 | (1,863,349) |
| Total net position | <u>\$ 20,269,534</u> | <u>\$ 11,333,245</u> | <u>\$ 1,851,161</u> | <u>\$ 33,453,940</u> | <u>\$ 1,470,914</u> |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position
 Proprietary Funds
 For the Year Ended December 31, 2015

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|--|---|--------------------------|---------------------------|----------------------|-------------------------|
| | Grand Traverse Pavilions | Delinquent Tax Revolving | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Operating revenues | | | | | |
| Charges for services | \$ 26,212,501 | \$ 217,682 | \$ 2,136,540 | \$ 28,566,723 | \$ 14,059,747 |
| Interest revenues | - | 539,448 | - | 539,448 | - |
| Other | 2,633,466 | 27,396 | 184,722 | 2,845,584 | 1,207,131 |
| Total operating revenues | 28,845,967 | 784,526 | 2,321,262 | 31,951,755 | 15,266,878 |
| Operating expenses | | | | | |
| Personnel services | 20,595,040 | - | 1,093,436 | 21,688,476 | 978,862 |
| Supplies | 1,817,718 | - | 32,881 | 1,850,599 | 334,500 |
| Contractual services | 4,852,746 | - | 439,778 | 5,292,524 | 12,286,056 |
| Depreciation | 1,185,229 | - | - | 1,185,229 | 103,946 |
| Other operating expenses | 1,616,138 | 415,889 | 125,828 | 2,157,855 | 1,370,765 |
| Total operating expenses | 30,066,871 | 415,889 | 1,691,923 | 32,174,683 | 15,074,129 |
| Operating income (loss) | (1,220,904) | 368,637 | 629,339 | (222,928) | 192,749 |
| Nonoperating revenues (expense) | | | | | |
| Property taxes | 2,754,195 | - | - | 2,754,195 | - |
| State sources | - | - | 33,005 | 33,005 | - |
| Interest revenues | 18,560 | - | 413 | 18,973 | 1,295 |
| Interest and fiscal charges | (270,712) | - | - | (270,712) | - |
| Total nonoperating revenues (expense) | 2,502,043 | - | 33,418 | 2,535,461 | 1,295 |
| Income before transfers | 1,281,139 | 368,637 | 662,757 | 2,312,533 | 194,044 |
| Transfers | | | | | |
| Transfers in | - | 58,534 | - | 58,534 | 97,515 |
| Transfers out | - | (992,083) | (180,144) | (1,172,227) | - |
| Change in net position | 1,281,139 | (564,912) | 482,613 | 1,198,840 | 291,559 |
| Net position, beginning of year, as restated | 18,988,395 | 11,898,157 | 1,368,548 | 32,255,100 | 1,179,355 |
| Net position, end of year | \$ 20,269,534 | \$ 11,333,245 | \$ 1,851,161 | \$ 33,453,940 | \$ 1,470,914 |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2015

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|--------------------------|---------------------------|----------------------|-------------------------|
| | Grand Traverse Pavilions | Delinquent Tax Revolving | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Cash flows from operating activities | | | | | |
| Receipts from services | \$ 28,557,129 | \$ - | \$ 2,210,802 | \$ 30,767,931 | \$ - |
| Receipts from payment of delinquent taxes | - | 6,798,217 | - | 6,798,217 | - |
| Receipts from interfund services | - | - | - | - | 15,272,659 |
| Payments to suppliers for goods and services | (8,014,530) | (415,889) | (649,926) | (9,080,345) | (11,339,171) |
| Payments to employees for services | (20,047,000) | - | (1,046,755) | (21,093,755) | (998,380) |
| Payments for delinquent taxes | - | (5,098,328) | - | (5,098,328) | - |
| Net cash provided by (used in) operating activities | 495,599 | 1,284,000 | 514,121 | 2,293,720 | 2,935,108 |
| Cash flows from noncapital financing activities | | | | | |
| Transfers from other funds | - | 58,534 | - | 58,534 | 97,515 |
| Transfers to other funds | - | (992,083) | (180,144) | (1,172,227) | - |
| Advances to other funds | - | (2,455,994) | - | (2,455,994) | - |
| Cash received from property taxes | 2,421,323 | - | - | 2,421,323 | - |
| Cash received from state grants | - | - | 33,005 | 33,005 | - |
| Net cash provided by (used in) noncapital financing activities | 2,421,323 | (3,389,543) | (147,139) | (1,115,359) | 97,515 |
| Cash flows from capital and related financing activities | | | | | |
| Principal payments | (1,235,000) | - | - | (1,235,000) | - |
| Interest payment and fiscal charges | (236,698) | - | - | (236,698) | - |
| Purchases of capital assets | (292,810) | - | - | (292,810) | (3,193,954) |
| Net cash used in capital and related financing activities | (1,764,508) | - | - | (1,764,508) | (3,193,954) |
| Cash flows from investing activities | | | | | |
| Sale of investments | - | 249,621 | - | 249,621 | - |
| Interest received | 18,560 | - | 413 | 18,973 | 1,295 |
| Net cash provided by investing activities | 18,560 | 249,621 | 413 | 268,594 | 1,295 |
| Change in cash and cash equivalents | 1,170,974 | (1,855,922) | 367,395 | (317,553) | (160,036) |
| Cash and cash equivalents, beginning of year | 7,922,794 | 4,161,672 | 2,658,480 | 14,742,946 | 1,006,275 |
| Cash and cash equivalents, end of year | \$ 9,093,768 | \$ 2,305,750 | \$ 3,025,875 | \$ 14,425,393 | \$ 846,239 |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

■ Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2015

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities | |
|--|---|--------------------------|---------------------------|---------------------|-------------------------|--|
| | Grand Traverse Pavilions | Delinquent Tax Revolving | Nonmajor Enterprise Funds | Total | Internal Service Funds | |
| Cash flows from operating activities | | | | | | |
| Operating income (loss) | \$ (1,220,904) | \$ 368,637 | \$ 629,339 | \$ (222,928) | \$ 192,749 | |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation | 1,185,229 | - | - | 1,185,229 | 103,946 | |
| Changes in: | | | | | | |
| Accounts receivable | (288,838) | 194,052 | 6,075 | (88,711) | 1,156 | |
| Taxes receivable | - | 1,186,319 | (107,135) | 1,079,184 | - | |
| Interest receivable | - | 242,491 | - | 242,491 | - | |
| Due from other governments | - | - | (9,400) | (9,400) | - | |
| Inventories | 842 | - | - | 842 | - | |
| Due from other funds | - | (663,729) | 125 | (663,604) | 4,625 | |
| Prepaid items and other assets | 7,129 | - | 200 | 7,329 | (471,644) | |
| Accounts payable | (25,333) | 46,773 | (11,525) | 9,915 | 37,273 | |
| Accrued liabilities | (323,025) | - | 13,808 | (309,217) | 1,644 | |
| Claims payable | - | - | - | - | (24,268) | |
| Due to other funds | - | (90,543) | (2,042) | (92,585) | 635,674 | |
| Advance from other funds | - | - | - | - | 2,455,994 | |
| Due to other governments | 289,434 | - | (6,731) | 282,703 | - | |
| Compensated absences | (12,628) | - | (11,670) | (24,298) | (2,041) | |
| Net pension liability and related deferred amounts | 539,109 | - | 13,077 | 552,186 | - | |
| Net other postemployment benefits obligation | 344,584 | - | - | 344,584 | - | |
| Net cash provided by (used in) operating activities | <u>\$ 495,599</u> | <u>\$ 1,284,000</u> | <u>\$ 514,121</u> | <u>\$ 2,293,720</u> | <u>\$ 2,935,108</u> | |

concluded

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2015

Assets

| | |
|----------------------------|------------------|
| Cash and cash equivalents | \$ 2,755,078 |
| Due from other governments | <u>1,019,925</u> |

| | |
|--------------|----------------------------|
| Total assets | <u><u>\$ 3,775,003</u></u> |
|--------------|----------------------------|

Liabilities

| | |
|--------------------------|----------------|
| Due to other governments | \$ 2,243,241 |
| Court items payable | 515,452 |
| Undistributed receipts | 408,699 |
| Other liabilities | <u>607,611</u> |

| | |
|-------------------|----------------------------|
| Total liabilities | <u><u>\$ 3,775,003</u></u> |
|-------------------|----------------------------|

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

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GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

December 31, 2015

| | Road Commission | Department of Public Works | Drain Commission | Brownfield Redevelopment Authority |
|--|--------------------|-------------------------------|---------------------|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 5,498,949 | \$ 549,005 | \$ 400,843 | \$ 3,168,228 |
| Receivables, net | 7,130,518 | 25,801,866 | - | 1,804,544 |
| Inventories | 855,696 | - | - | - |
| Prepaid items and other assets | 73,843 | 7,312 | 13,738 | 4,765,045 |
| Restricted cash | 327,834 | - | - | - |
| Capital assets not being depreciated | 28,159,102 | 400,000 | - | - |
| Capital assets being depreciated, net | 48,208,934 | 6,841,848 | - | - |
| Total assets | 90,254,876 | 33,600,031 | 414,581 | 9,737,817 |
| Deferred outflows of resources | | | | |
| Deferred pension amounts | 444,666 | 4,754 | - | - |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 1,830,724 | 6,065,710 | 27,851 | 4,565,242 |
| Unearned revenues | 40,891 | - | - | 3,985 |
| Long-term debt: | | | | |
| Due within one year | 670,317 | 2,860,239 | - | 128,452 |
| Due in more than one year | 1,634,524 | 21,879,792 | 300,000 | 3,995,343 |
| Net pension liability | 3,687,527 | 76,650 | - | - |
| Net other postemployment benefits obligation | 2,546,289 | - | - | - |
| Total liabilities | 10,410,272 | 30,882,391 | 327,851 | 8,693,022 |
| Deferred inflows of resources | | | | |
| Property taxes levied for subsequent year | 3,670,778 | - | - | - |
| Net position | | | | |
| Net investment in capital assets | 75,646,718 | 4,469,848 | - | - |
| Restricted | 3,583 | - | 86,730 | 3,330,404 |
| Unrestricted (deficit) | 968,191 | (1,747,454) | - | (2,285,609) |
| Total net position | \$ 76,618,492 | \$ 2,722,394 | \$ 86,730 | \$ 1,044,795 |

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

| Land Bank Authority | Hospital Finance Authority | Total |
|---------------------------|----------------------------------|----------------------|
| \$ 230,864 | \$ - | \$ 9,847,889 |
| 16,509 | - | 34,753,437 |
| 498,349 | - | 1,354,045 |
| - | - | 4,859,938 |
| - | - | 327,834 |
| - | - | 28,559,102 |
| - | - | <u>55,050,782</u> |
| <u>745,722</u> | <u>-</u> | <u>134,753,027</u> |
| - | - | <u>449,420</u> |
| 9,702 | - | 12,499,229 |
| 5,000 | - | 49,876 |
| - | - | 3,659,008 |
| - | - | 27,809,659 |
| - | - | 3,764,177 |
| - | - | <u>2,546,289</u> |
| <u>14,702</u> | <u>-</u> | <u>50,328,238</u> |
| 4,154 | - | <u>3,674,932</u> |
| - | - | 80,116,566 |
| 726,866 | - | 4,147,583 |
| - | - | <u>(3,064,872)</u> |
| <u>\$ 726,866</u> | <u>\$ -</u> | <u>\$ 81,199,277</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Activities Discretely Presented Component Units For the Year Ended December 31, 2015

| | Road Commission | Department of Public Works | Drain Commission | Brownfield Redevelopment Authority |
|---|----------------------|-------------------------------|---------------------|--|
| Expenses | | | | |
| Road Commission | \$ 11,506,495 | \$ - | \$ - | \$ - |
| Department of Public Works | - | 7,689,696 | - | - |
| Drain Commission | - | - | 64,276 | - |
| Brownfield Redevelopment Authority | - | - | - | 1,574,518 |
| Land Bank Authority | - | - | - | - |
| Total expenses | 11,506,495 | 7,689,696 | 64,276 | 1,574,518 |
| Program revenues | | | | |
| Charges for services | 1,431,038 | 1,303,638 | - | - |
| Operating grants and contributions | 10,196,327 | 6,608,314 | 10,000 | 767,696 |
| Capital grants and contributions | 2,388,243 | - | - | - |
| Total program revenues | 14,015,608 | 7,911,952 | 10,000 | 767,696 |
| Net revenues (expenses) | 2,509,113 | 222,256 | (54,276) | (806,822) |
| General revenues | | | | |
| Property taxes | 3,582,462 | - | - | 2,071,872 |
| Unrestricted investment earnings | 7,002 | 107 | 208 | 17,241 |
| Gain on disposals of capital assets | 309,975 | - | - | - |
| Total general revenues | 3,899,439 | 107 | 208 | 2,089,113 |
| Change in net position | 6,408,552 | 222,363 | (54,068) | 1,282,291 |
| Net position, beginning of year, as restated | 70,209,940 | 2,500,031 | 140,798 | (237,496) |
| Net position, end of year | \$ 76,618,492 | \$ 2,722,394 | \$ 86,730 | \$ 1,044,795 |

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

STATEMENT OF REVENUE RECEIVED

| Land Bank Authority | Hospital Finance Authority | Total |
|---------------------------|----------------------------------|-----------------------------|
| \$ - | \$ - | \$ 11,506,495 |
| - - | - - | 7,689,696 |
| - - | - - | 64,276 |
| - - | - - | 1,574,518 |
| <u>103,654</u> | <u>-</u> | <u>103,654</u> |
| <u><u>103,654</u></u> | <u><u>-</u></u> | <u><u>20,938,639</u></u> |
| 223,640 | - - | 2,958,316 |
| 9,695 | - - | 17,592,032 |
| <u>- -</u> | <u>- -</u> | <u>2,388,243</u> |
| <u>233,335</u> | <u>- -</u> | <u>22,938,591</u> |
| <u>129,681</u> | <u>- -</u> | <u>1,999,952</u> |
| 12,088 | - - | 5,666,422 |
| 80 | - - | 24,638 |
| <u>- -</u> | <u>- -</u> | <u>309,975</u> |
| <u>12,168</u> | <u>- -</u> | <u>6,001,035</u> |
| 141,849 | - - | 8,000,987 |
| <u>585,017</u> | <u>- -</u> | <u>73,198,290</u> |
| <u><u>\$ 726,866</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 81,199,277</u></u> |

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NOTES TO FINANCIAL STATEMENTS

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Grand Traverse County, Michigan (the “County”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

Reporting Entity

The “County” was organized in 1851 and covers an area of approximately 485 square miles with the County seat located in Traverse City, Michigan. The County operates under an elected Board of Commissioners of seven members and provides services, assistance and care to County residents, primarily from the operations of its General fund and special revenue funds. The County’s services, assistance and care includes the (1) general county departments, boards and commissions; (2) court system administration; (3) law enforcement and corrections; (4) assistance and/or institutional care to the aged, needy, wards of the court and neglected children and public health recipients and (5) recreation and cultural.

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the County and its component units. The component units discussed below are included in the County’s reporting entity because of the significance of their operational or financial relationship with the County.

The Hospital Finance Authority discretely presented component unit is maintained and included in the accompanying financial statements on a June 30 fiscal year basis.

Blended Component Units

The Grand Traverse County Building Authority is governed by a five-member board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Grand Traverse County Building Authority is reported as if it were part of the primary government because its sole purpose is to obtain financing and pay for construction and capital improvements of county facilities.

Discretely Presented Component Units

The component unit columns in the combined financial statements include the financial data of the County’s five discrete component units. These component units are presented in separate columns to emphasize that they are legally separate from the County.

Grand Traverse County Road Commission. Members of the governing body of the Road Commission are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Road Commission and has accountability for fiscal matters.

Separate financial statements for the Road Commission are available from the Grand Traverse County Road Commission, 1881 LaFranier Road, Traverse City, MI 49696.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Financial Statements

Department of Public Works. Members of the governing body of the Department of Public Works are appointed by the County Board of Commissioners. The County also has the ability to influence operations of the Department of Public Works and has accountability for fiscal matters.

The financial activity of the Department of Public Works for the year ended December 31, 2015 is reported discretely as an enterprise fund type. There are no separately issued financial statements for this component unit.

Drain Commission. Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, and to hold, manage and dispose of real and personal property. The statutory drainage board of Chapter 21 drainage districts consists of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage districts, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The County also has the ability to influence operations of the Drain Commission and has accountability for fiscal matters.

The financial activity of the Drain Commission for the year ended December 31, 2015 is reported discretely as a governmental fund type. There are no separately issued financial statements for this component unit, although financial information for the specific drainage districts may be obtained from the County Drain Commissioner, 2650 LaFranier Road, Traverse City, Michigan 49686.

Brownfield Redevelopment Authority. The members of the governing board of the Brownfield Redevelopment Authority are appointed by the County Board of Commissioners. They review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. The County has the ability to significantly influence the operations of the Brownfield Redevelopment Authority and has accountability for fiscal matters.

The financial activity of the Brownfield Redevelopment Authority for the year ended December 31, 2015 is reported discretely as a governmental fund type. There are no separately issued financial statements for this component unit.

Land Bank Authority. Members of the governing body of the Land Bank Authority are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Land Bank Authority and has accountability for fiscal matters.

The financial activity of the Land Bank Authority for the year ended December 31, 2015 is reported discretely as an enterprise fund type. There are no separately issued financial statements for this component unit.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Hospital Finance Authority. The five members of the governing body of the Hospital Finance Authority are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Hospital Finance Authority. Its primary purpose is constructing and improving hospital facilities within the boundaries of the County; lending money to hospitals for those purposes; refunding or refunding in advance obligations of the Authority; or refinancing the indebtedness of hospitals.

The Hospital Finance Authority is reported discretely as an enterprise fund type, however there was not any financial activity or balances for the year ended June 30, 2015. There are no separately issued financial statements for this component unit.

As of June 30, 2015, the Hospital Finance Authority had outstanding conduit debt of approximately \$122,860,000.

Regional Joint Operations

The County participates in the operation of the Northwestern Regional Airport Commission with Leelanau County. The Airport Commission operates with a separate treasurer.

Separate financial statements for the Airport Commission are available from the Northwestern Regional Airport Commission, Cherry Capital Airport Administrative Office, 144 W. South Airport Road, Traverse City, MI 49686.

The County also participates jointly in the operation of the Northern Lakes Community Mental Health Authority with Missaukee, Leelanau, Crawford, Roscommon and Wexford counties. The County provides an annual appropriation of \$682,200 to the Authority.

Separate financial statements for the Northern Lakes Community Mental Health Authority are available at 105 Hall Street, Traverse City, MI 49684.

Basis of Presentation

Government-wide and Fund Financial Statements

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Fund Financial Statements. The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 Grand Traverse Pavilions, Delinquent Tax Revolving, Inspections and Solid Waste enterprise funds and the discretely presented component units Department of Public Works, Land Bank Authority, and Hospital Finance Authority enterprise funds and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. A 60-day availability period is used for revenue recognition for all governmental fund revenues, except for expenditure-driven grants, which must be collected within one year, and property taxes. Property taxes for the County, levied and payable within the current fiscal year, are fully recognized inasmuch as any uncollected taxes are settled with the Delinquent Tax Revolving fund not later than March 1 of the following fiscal year. While this schedule exceeds the normal availability period for property taxes of 60 days, management believes that fully recognizing property taxes in the year they are intended to finance better reflects the matching concept of generally accepted accounting principles.

Expenditures generally are recorded when a related fund liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

The County reports the following major governmental funds:

The *General fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for and reported in another fund.

The *Commission on Aging special revenue fund* accounts for revenues received from property taxes and charges for services (fee revenues) to provide services and programs for county residents 60 years of age and older.

The *Health Department special revenue fund* accounts for the federal and state grants, local service fees, and General fund appropriations, which are used to provide health services to citizens of the County.

The County reports the following major proprietary funds:

The *Grand Traverse Pavilions fund* accounts for the activities of the County's medical care facility.

The *Delinquent Tax Revolving fund* accounts for the funds paid to each local governmental unit, including the County General fund, Commission on Aging fund and the Grand Traverse Pavilions fund for the respective amount of taxes not collected as of March 1st from previous years' tax levies. Financing for these purchases is provided by subsequent collection of delinquent property taxes by the County Treasurer.

Additionally, the County reports the following fund types:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Enterprise funds account for those operations that are financed and operated in a manner similar to private business or where the County has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management's accountability.

Internal service funds account for the fleet and equipment management, data processing, copy machine, mailing department, and insurance services provided to other departments or agencies of the County on a cost reimbursement basis.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the County holds for others in an agency capacity (such as taxes collected for other governments).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Restricted net position consists of amounts that are subject to restrictions beyond the County's control. The restrictions may be externally imposed or imposed by law. 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.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance

Cash and Cash Equivalents

The County considers cash and cash equivalents to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, deposit agreements with federally insured financial institutions within the State of Michigan, high grade commercial paper, repurchase obligations of the U.S. government and U.S. agencies, banker's acceptances of U.S. banks and mutual funds comprised of the above authorized investments.

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

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 balance in the pooled cash accounts is 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.

Restricted Cash

Restricted cash is reported in the Road Commission component unit and consists of funds advanced by the State of Michigan for road construction and proceeds from bonds issued for road maintenance.

Investments

Investments displayed on the financial statements are recorded at fair value. The investment in external pools operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Financial Statements

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All Grand Traverse Pavilions’ accounts receivable are shown net of an allowance for uncollectible accounts. Grand Traverse Pavilions’ accounts receivable in excess of 120 days primarily comprise the allowance for uncollectible accounts. At December 31, 2015 the allowance amounted to \$897,000.

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program grants and capital grants for capital assets are recorded as receivables and revenues at the time reimbursable project costs are incurred. Revenues received in advance of project costs being incurred are considered unearned revenues.

Loans receivable consists of economic development fund loans to promote economic development within the County, CDBG funds advanced to area residents for home improvements which must be repaid by the homeowner upon sale or foreclosure, and Brownfield Redevelopment Authority component unit loans to assist with the economic development of environmentally distressed sites within the County. The County has an enforceable lien on such property. The amount of loans receivable not expected to be collected within one year is \$2,887,462.

Leases receivable consist of various agreements with local governments and the Department of Public Works to issue bonded debt and to manage the construction of water and sewer systems in those jurisdictions. These agreements generally terminate with the retirement of the related bond issues. Leases receivable are reported at an amount equal to the lesser of the actual bond-financed construction costs incurred to date or the outstanding bond principal and interest thereon. Annual lease payments under these agreements are equal to the related bond principal and interest due each year. At termination of a lease, title to the leased property is passed to the particular local government.

All lease agreements provide for the lessees to use, operate and maintain the system, at their own expense, subject to the terms and conditions of the agreement.

The amount of lease receivables not expected to be collected within one year is \$20,292,960.

Inventories, Prepaid Items and Other Assets

All inventories (excluding those of the Road Commission, described below) are valued at cost using the first-in/first out method. Inventories of governmental funds are recorded as expenditures when purchased.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Financial Statements

Inventory of the Road Commission, consisting of various operating parts, supplies and road material, is determined on the average unit cost method. Inventory items are charged to road construction and maintenance, equipment repairs, and operations, as used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as expenditures proportionately over the periods that related service is provided (consumption method).

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (\$1,000 for the Road Commission component unit) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair 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 assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government and component units are depreciated using the straight-line method (except for road equipment which uses the sum-of-year digits method) over the following estimated useful lives:

| Assets | Years |
|------------------------------|-------|
| Buildings | 30-50 |
| Land improvements | 10-20 |
| Public domain infrastructure | 10-20 |
| Vehicles | 5 |
| Equipment | 5-25 |
| Infrastructure | 5-50 |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources for the loss on advance bond refunding reported in the government-wide statement of net position, which results from the difference in the carrying value of refunded debt and its reacquisition price. In addition, the County reports deferred outflows of resources for changes in expected and actual investment returns, assumptions, and benefits provided in its pension plan. More detailed information can be found in Note 13.

Unearned Revenue

Unearned revenue of governmental activities primarily consists of rentals and grants received in advance. Unearned revenue of business-type activities primarily consists of payments received in advance of services provided by the Pavilions.

Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation, sick and personal pay benefits depending on the date of hire. All accrued vacation, sick and personal pay benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as a component of interest expense when incurred.

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

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The government-wide and governmental fund financial statements report deferred inflows of resources for property taxes levied during the year that were intended to finance future periods. In addition, the County reports deferred inflows of resources in its full-accrual statements related to the net pension liability. Detailed information on pension-related deferred inflows can be found in Note 13.

Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfer of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. Internal service funds are used to record charges for services to all County departments and funds as operating revenue. All County funds record these payments to the internal service funds as operating expenditures/expenses.

Pensions

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

Fund Balance

In the fund financial statements, governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority, the Board of Commissioners. A formal resolution of the County Board of Commissioners is required to establish, modify, or rescind a fund balance commitment. The County reports assigned fund balance for amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Commissioners, through its general appropriations resolution, may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unassigned fund balance is the residual classification for the General fund.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The County Board of Commissioners has adopted a minimum fund balance policy in which the total fund balance of the General fund will be equal to at least 15 percent of the subsequent year's adopted General fund budgeted expenditures and transfers out. If the General fund balance falls below the minimum range, the County will replenish shortages or deficiencies using budget strategies and timeframes as detailed in the policy.

When the County incurs an expenditure for purposes for which various fund balance classifications can be used, it is the County's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year-end.

No later than December 31 of the preceding fiscal year the County Commission shall, by resolution, adopt the budget for the next year.

The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing board is the activity level, which is the level at which expenditures may not legally exceed appropriations. Budget amendments are made in accordance with County Board of Commissioners policy.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County's actual expenditures and budgeted expenditures for the budgetary funds have been shown on the activity basis, which is the basis at which the approved budgets of the County for the budgetary funds were adopted. The following fund had excess expenditures over appropriations:

| | Amended Budget | Actual | Budget Variance |
|----------------------------|-------------------|--------------|--------------------|
| General fund | | | |
| General government: | | | |
| Prosecuting attorney | \$ 1,624,007 | \$ 1,632,419 | \$ 8,412 |
| Public safety: | | | |
| County investigation | 929,793 | 968,833 | 39,040 |
| County patrol | 5,485,423 | 5,495,809 | 10,386 |
| Transfers out: | | | |
| 86th District Court | 3,014,776 | 3,052,672 | 37,896 |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| | Amended Budget | Actual | Budget Variance |
|------------------------------------|-------------------|------------|--------------------|
| Nonmajor Governmental Funds | | | |
| Corrections P.A. 511 Fund: | | | |
| Public safety | \$ 635,034 | \$ 651,980 | \$ 16,946 |
| EDC Fund: | | | |
| Economic development | 70,000 | 83,477 | 13,477 |
| Revenue Sharing Reserve Fund: | | | |
| Transfers out | 232,379 | 563,913 | 331,534 |

4. DEFICIT FUND EQUITY

The County reported deficit unassigned fund balance of \$1,130,000 in the Building Authority LaFranier DPW nonmajor governmental debt service fund. This was the result of the fund receiving a lump sum payment (advance from other funds) in a prior year in order to call the related bonds early, which is reduced ratably over the course of the related rental agreement.

The Woodmere nonmajor governmental debt service fund also reported a deficit unassigned fund balance of \$690,000. This was also the result of the fund receiving a lump sum payment (advance from other funds) in a prior year in order to call the related bonds early, which is reduced ratably over the course of the related rental agreement.

The Motor Pool internal service fund also reported an unassigned deficit net position of \$3,119,723. Overall, the total net position for this fund amounted to \$0.

The Septage Facility fund within the DPW Component Unit also reported an unrestricted deficit net position of \$1,747,695. Overall, the net position within this fund is \$2,722,153.

5. DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2015, the County's cash, investments and restricted cash are reported as follows:

| | Governmental Activities | Business-type Activities | Fiduciary Funds | Component Units | Total |
|---------------------------|----------------------------|-----------------------------|---------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 10,493,785 | \$ 14,425,393 | \$ 2,755,078 | \$ 9,847,889 | \$ 37,522,145 |
| Investments | 223,346 | 3,644,475 | - | - | 3,867,821 |
| Restricted cash | - | - | - | 327,834 | 327,834 |
| Total | \$ 10,717,131 | \$ 18,069,868 | \$ 2,755,078 | \$ 10,175,723 | \$ 41,717,800 |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| | |
|--|---------------|
| Deposits and investments: | |
| Bank deposits (checking and savings) | \$ 28,404,435 |
| Certificates of deposit: | |
| Due within one year | 4,401,296 |
| Due in one to five years | 309,970 |
| Investments (securities and money market pooled funds) | 8,592,795 |
| Cash on hand | 9,304 |
| | <hr/> |
| Total | \$ 41,717,800 |

Deposit and Investment Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified below. The County's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for each investment are identified below for investments held at year-end.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified below. The County's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The ratings for each investment are identified below for investments held at year-end.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit by utilizing outside sources to obtain the ratings. As of year-end, \$11,754,698 of the bank balance of the primary government (including its blended component unit) of \$33,671,788 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law does not require and the County does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than state law. As of year-end, none of the County's investments were exposed to custodial credit risk inasmuch as all investments are held in the name of the County.

Concentrations of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified in the listing above. The County's investment policy does not have specific limits in excess of state law on concentration of credit risk.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Investments

At December 31, 2015, the County's investments consisted of the following:

| Investment | Fair Value | Interest Rate | Maturity Date | Rating | Callable |
|---------------------------|---------------------|---------------|---------------|-----------|-------------|
| Primary government | | | | | |
| Federal Home Loan | | | | | |
| Bank Bonds | \$ 497,515 | 1.06% | 05/11/2018 | S&P AA+ | Noncallable |
| Federal Home Loan | | | | | |
| Bank Bonds | 626,125 | 1.13% | 08/13/2018 | S&P AA+ | Noncallable |
| Federal Farm Credit | | | | | |
| Bank Notes | 249,375 | 1.34% | 11/30/2018 | S&P AA+ | Noncallable |
| Federal Farm Credit | | | | | |
| Bank Notes | 149,232 | 1.63% | 06/03/2019 | S&P AA+ | Noncallable |
| Federal Farm Credit | | | | | |
| Bank Bonds | 246,203 | 1.25% | 01/23/2019 | S&P AA+ | Noncallable |
| Federal Home Loan | | | | | |
| Bank Bonds | 465,019 | 1.75% | 02/20/2020 | S&P AA+ | Noncallable |
| Federal Home Loan | | | | | |
| Bank Bonds | 350,473 | 1.50% | 05/08/2020 | S&P AA+ | Noncallable |
| Federal Home Loan | | | | | |
| Bank Bonds | 497,875 | 0.75% | 2/21/2016 | S&P AA+ | Noncallable |
| Federal National Mortgage | | | | | |
| Association | 249,875 | 1.20% | 2/27/2018 | S&P AA+ | Noncallable |
| State of Michigan | | | | | |
| GO Bonds | 134,718 | 5.00% | 11/15/2017 | S&P AA+ | Noncallable |
| Money market | 5,119,356 | Varies | N/A | S&P AAA/m | N/A |
| Money market | <u>7,029</u> | Varies | N/A | Not rated | N/A |
| Total | <u>\$ 8,592,795</u> | | | | |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES AND PAYABLES

Accounts receivables, net

Receivables are comprised of the following at year-end:

| | Governmental Activities | Business-type Activities | Component Units |
|--------------------------------------|-------------------------|--------------------------|----------------------|
| Accounts receivables | \$ 1,163,659 | \$ 4,385,796 | \$ 1,163,230 |
| Due from other governments | 6,492,181 | 9,400 | 5,931,613 |
| Allowance for uncollectible accounts | (153,774) | (897,000) | - |
| Loans receivable | 2,484,261 | - | 875,482 |
| Taxes receivable | 2,448,512 | 3,097,926 | 3,677,592 |
| Leases receivable | - | - | 22,977,960 |
| Interest receivable | 24,286 | 270,363 | 127,560 |
| Total | \$ 12,459,125 | \$ 6,866,485 | \$ 34,753,437 |

Accounts payable and accrued liabilities

Payables are comprised of the following at year-end:

| | Governmental Activities | Business-Type Activities | Component Units |
|--------------------------|-------------------------|--------------------------|----------------------|
| Accounts payable | \$ 1,117,782 | \$ 247,610 | \$ 2,637,981 |
| Accrued liabilities | 1,212,668 | 965,764 | 386,638 |
| Claims payable | 40,833 | - | - |
| Accrued interest payable | 34,931 | 32,924 | 165,573 |
| Due to other governments | 125,562 | 786,716 | 9,309,037 |
| Total | \$ 2,531,776 | \$ 2,033,014 | \$ 12,499,229 |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

Capital asset activity for the primary government for the year ended December 31, 2015 was as follows:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|------------------|-------------|----------------------|
| Governmental activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 15,639,877 | \$ - | \$ - | \$ - | \$ 15,639,877 |
| Construction in progress | - | 3,134,911 | - | - | 3,134,911 |
| | <u>15,639,877</u> | <u>3,134,911</u> | <u>-</u> | <u>-</u> | <u>18,774,788</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 2,282,659 | 17,443 | (16,633) | - | 2,283,469 |
| Infrastructure | 828,241 | - | - | - | 828,241 |
| Buildings and improvements | 44,014,201 | 5,773 | - | - | 44,019,974 |
| Equipment and furniture | 9,763,297 | 181,239 | (262,667) | - | 9,681,869 |
| Vehicles and equipment | 3,039,019 | 255,755 | (196,144) | - | 3,098,630 |
| | <u>59,927,417</u> | <u>460,210</u> | <u>(475,444)</u> | <u>-</u> | <u>59,912,183</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (1,467,797) | (99,359) | 16,633 | - | (1,550,523) |
| Infrastructure | (723,089) | (48,111) | - | - | (771,200) |
| Buildings and improvements | (18,169,948) | (1,062,998) | - | - | (19,232,946) |
| Equipment and furniture | (8,208,196) | (472,421) | 262,667 | - | (8,417,950) |
| Vehicles and equipment | (2,365,123) | (247,878) | 196,144 | - | (2,416,857) |
| | <u>(30,934,153)</u> | <u>(1,930,767)</u> | <u>475,444</u> | <u>-</u> | <u>(32,389,476)</u> |
| Total capital assets being depreciated, net | <u>28,993,264</u> | <u>(1,470,557)</u> | <u>-</u> | <u>-</u> | <u>27,522,707</u> |
| Governmental activities capital assets, net | <u>\$ 44,633,141</u> | <u>\$ 1,664,354</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 46,297,495</u> |

The County had construction commitments of approximately \$651,000 at December 31, 2015 related to completion of the public safety communications equipment and software project.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|----------------------|---------------------|-------------|-------------|----------------------|
| Business-type activities | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 1,820,550 | \$ - | \$ - | \$ - | \$ 1,820,550 |
| Construction in progress | 31,396 | 67,272 | - | - | 98,668 |
| | <u>1,851,946</u> | <u>67,272</u> | <u>-</u> | <u>-</u> | <u>1,919,218</u> |
| Capital assets being depreciated: | | | | | |
| Land improvements | 2,866,941 | - | - | - | 2,866,941 |
| Buildings and improvements | 35,163,616 | 121,313 | - | - | 35,284,929 |
| Equipment and furniture | 2,857,946 | 19,800 | - | - | 2,877,746 |
| Vehicles and equipment | 305,009 | 84,425 | - | - | 389,434 |
| | <u>41,193,512</u> | <u>225,538</u> | <u>-</u> | <u>-</u> | <u>41,419,050</u> |
| Less accumulated depreciation for: | | | | | |
| Land improvements | (2,022,608) | (134,972) | - | - | (2,157,580) |
| Buildings and improvements | (14,873,000) | (911,742) | - | - | (15,784,742) |
| Equipment and furniture | (2,446,825) | (113,611) | - | - | (2,560,436) |
| Vehicles and equipment | (268,050) | (24,904) | - | - | (292,954) |
| | <u>(19,610,483)</u> | <u>(1,185,229)</u> | <u>-</u> | <u>-</u> | <u>(20,795,712)</u> |
| Total capital assets being depreciated, net | <u>21,583,029</u> | <u>(959,691)</u> | <u>-</u> | <u>-</u> | <u>20,623,338</u> |
| Business-type activities | | | | | |
| capital assets, net | <u>\$ 23,434,975</u> | <u>\$ (892,419)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 22,542,556</u> |

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

| | |
|-------------------------|---------------------|
| Governmental activities | |
| Judicial | \$ 298,382 |
| General government | 374,284 |
| Public safety | 763,970 |
| Health and welfare | 177,510 |
| Recreation and culture | 212,675 |
| Internal service funds | 103,946 |
| | <u>\$ 1,930,767</u> |

| | |
|--------------------------|---------------------|
| Business-type activities | |
| Medical care facility | <u>\$ 1,185,229</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|----------------------|---------------------|--------------------|------------------|----------------------|
| Component unit - Road Commission | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land and improvements | \$ 1,035,799 | \$ - | \$ - | \$ - | \$ 1,035,799 |
| Land / right-of-way | 26,994,748 | 378 | - | - | 26,995,126 |
| Construction in progress | 143,141 | 98,553 | - | (113,517) | 128,177 |
| | <u>28,173,688</u> | <u>98,931</u> | <u>-</u> | <u>(113,517)</u> | <u>28,159,102</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 4,052,153 | 114,606 | - | - | 4,166,759 |
| Road equipment | 9,288,961 | 1,002,674 | (445,295) | - | 9,846,340 |
| Shop equipment | 238,959 | 25,818 | (12,276) | - | 252,501 |
| Office equipment | 214,384 | 59,559 | - | - | 273,943 |
| Engineer's equipment | 128,319 | - | (8,995) | - | 119,324 |
| Yard and storage | 1,688,190 | - | (540) | - | 1,687,650 |
| Infrastructure - bridges | 1,060,643 | - | - | - | 1,060,643 |
| Infrastructure - roads | <u>79,174,189</u> | <u>8,154,129</u> | <u>-</u> | <u>113,517</u> | <u>87,441,835</u> |
| | <u>95,845,798</u> | <u>9,356,786</u> | <u>(467,106)</u> | <u>113,517</u> | <u>104,848,995</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (1,073,938) | (81,824) | - | - | (1,155,762) |
| Road equipment | (7,496,133) | (762,513) | 436,792 | - | (7,821,854) |
| Shop equipment | (152,527) | (14,741) | 10,526 | - | (156,742) |
| Office equipment | (192,441) | (17,565) | - | - | (210,006) |
| Engineer's equipment | (105,978) | (3,631) | 8,995 | - | (100,614) |
| Yard and storage | (1,083,823) | (51,309) | 540 | - | (1,134,592) |
| Infrastructure - bridges | (882,299) | (5,907) | - | - | (888,206) |
| Infrastructure - roads | <u>(41,112,589)</u> | <u>(4,059,696)</u> | <u>-</u> | <u>-</u> | <u>(45,172,285)</u> |
| | <u>(52,099,728)</u> | <u>(4,997,186)</u> | <u>456,853</u> | <u>-</u> | <u>(56,640,061)</u> |
| Total capital assets being depreciated, net | <u>43,746,070</u> | <u>4,359,600</u> | <u>(10,253)</u> | <u>113,517</u> | <u>48,208,934</u> |
| Road Commission capital assets, net | <u>\$ 71,919,758</u> | <u>\$ 4,458,531</u> | <u>\$ (10,253)</u> | <u>\$ -</u> | <u>\$ 76,368,036</u> |

Of the amounts reported in capital assets, \$1,662,595 of road and shop equipment was purchased through an equipment loan purchase agreement. Related accumulated depreciation at year-end amounted to \$874,018.

The Road Commission had construction commitments of approximately \$352,000 at December 31, 2015 related to upcoming road and bridge infrastructure projects.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|---------------------|---------------------|-------------|-------------|---------------------|
| Component unit - Department of Public Works | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 400,000 | \$ - | \$ - | \$ - | \$ 400,000 |
| Capital assets being depreciated: | | | | | |
| Building | 7,623,862 | - | - | - | 7,623,862 |
| Equipment and furniture | 107,738 | 111,561 | - | - | 219,299 |
| | <u>7,731,600</u> | <u>111,561</u> | <u>-</u> | <u>-</u> | <u>7,843,161</u> |
| Less accumulated depreciation for: | | | | | |
| Building | (762,385) | (217,824) | - | - | (980,209) |
| Equipment and furniture | (6,023) | (15,081) | - | - | (21,104) |
| | <u>(768,408)</u> | <u>(232,905)</u> | <u>-</u> | <u>-</u> | <u>(1,001,313)</u> |
| Total capital assets being depreciated, net | <u>6,963,192</u> | <u>(121,344)</u> | <u>-</u> | <u>-</u> | <u>6,841,848</u> |
| Department of Public Works capital assets, net | <u>\$ 7,363,192</u> | <u>\$ (121,344)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 7,241,848</u> |

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

For the year ended December 31, 2015, interfund balances were as follows:

| | Due from Other Funds | Due to Other Funds |
|-------------------------------|----------------------|---------------------|
| General fund | \$ 1,839,029 | \$ 644,522 |
| Commission on Aging fund | - | 8,665 |
| Health department fund | - | 17,999 |
| Nonmajor governmental funds | 569,369 | 784,317 |
| Delinquent Tax Revolving fund | 663,729 | 949,990 |
| Nonmajor enterprise funds | 1,265 | 49,940 |
| Internal service funds | <u>169,984</u> | <u>787,943</u> |
| | <u>\$ 3,243,376</u> | <u>\$ 3,243,376</u> |

The outstanding balances between funds are primarily short-term cash advances from the General fund to cover cash deficits, or the result of the time lag between the dates Interfund transactions are recorded and when the payments are made. These balances will be collected in the subsequent year. The Delinquent Tax Revolving fund amount due to other funds is the amount due the General fund for the balance of the summer tax revenue that will be paid in the subsequent year as part of the tax settlement process.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| | Advance from Other Funds | Advance to Other Funds |
|-------------------------------|-----------------------------|---------------------------|
| General fund | \$ - | \$ 2,341,874 |
| Nonmajor governmental funds | 2,191,874 | - |
| Delinquent Tax Revolving fund | - | 2,455,994 |
| Internal service funds | 2,605,994 | - |
| | <u>\$ 4,797,868</u> | <u>\$ 4,797,868</u> |

The amounts payable to the General fund relate to working capital loans that were made to the nonmajor governmental and internal service funds. None of these balances are expected to be collected in the subsequent year.

| Transfers in | Transfers out | | | | | Totals |
|-------------------------------|----------------------|-----------------------------|-------------------------------|---------------------------|----------------------|-----------|
| | General fund | Nonmajor governmental funds | Delinquent Tax Revolving fund | Nonmajor enterprise funds | | |
| General fund | \$ - | \$ 563,913 | \$ 992,083 | \$ 47,928 | \$ 1,603,924 | |
| Health Department | 1,328,566 | - | - | - | - | 1,328,566 |
| Nonmajor governmental funds | 9,830,648 | 20,000 | - | 73,682 | 9,924,330 | |
| Delinquent Tax Revolving fund | - | - | - | 58,534 | 58,534 | |
| Internal service funds | 97,515 | - | - | - | - | 97,515 |
| Total | <u>\$ 11,256,729</u> | <u>\$ 583,913</u> | <u>\$ 992,083</u> | <u>\$ 180,144</u> | <u>\$ 13,012,869</u> | |

Interfund transfers are to: (1) use as unrestricted revenues in various funds to finance various programs accounted for in other funds in accordance with budgetary authorizations and (2) use amounts from the revenue sharing reserve fund to cover the elimination of state shared revenue in the General fund.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2015 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|------------------------------------|---------------------|---------------------|-----------------------|---------------------|---------------------|
| <i>Primary Government</i> | | | | | |
| Governmental activities | | | | | |
| General obligation bonds | \$ 9,935,000 | \$ - | \$ (570,000) | \$ 9,365,000 | \$ 570,000 |
| Bond discounts | (42,600) | - | 1,852 | (40,748) | - |
| Compensated absences | <u>1,616,610</u> | <u>393</u> | <u>(172,622)</u> | <u>1,444,381</u> | <u>46,175</u> |
| | <u>\$11,509,010</u> | <u>\$ 393</u> | <u>\$ (740,770)</u> | <u>\$10,768,633</u> | <u>\$ 616,175</u> |
| Business-type activities | | | | | |
| General obligation bonds | \$ 6,010,000 | \$ - | \$ (1,235,000) | \$ 4,775,000 | \$ 425,000 |
| Bond premiums | 31,171 | - | (26,432) | 4,739 | - |
| Compensated absences | <u>607,327</u> | <u>43,378</u> | <u>(67,676)</u> | <u>583,029</u> | <u>55,973</u> |
| | <u>\$ 6,648,498</u> | <u>\$ 43,378</u> | <u>\$ (1,329,108)</u> | <u>\$ 5,362,768</u> | <u>\$ 480,973</u> |
| <i>Component Units</i> | | | | | |
| Department of Public Works | | | | | |
| General obligation bonds | \$26,330,000 | \$ 2,725,000 | \$ (6,465,000) | \$22,590,000 | \$ 2,760,000 |
| Notes payable | 2,197,000 | - | (100,000) | 2,097,000 | 100,000 |
| Compensated absences | <u>53,320</u> | <u>8,067</u> | <u>(8,356)</u> | <u>53,031</u> | <u>239</u> |
| | <u>\$28,580,320</u> | <u>\$ 2,733,067</u> | <u>\$ (6,573,356)</u> | <u>\$24,740,031</u> | <u>\$ 2,860,239</u> |
| Drain Commission | | | | | |
| Notes payable | <u>\$ -</u> | <u>\$ 300,000</u> | <u>\$ -</u> | <u>\$ 300,000</u> | <u>\$ -</u> |
| Road Commission | | | | | |
| General obligation bonds | \$ 575,000 | \$ 945,000 | \$ (285,000) | \$ 1,235,000 | \$ 320,000 |
| Equipment lease | 1,228,927 | - | (328,358) | 900,569 | 333,417 |
| Compensated absences | <u>178,015</u> | <u>181,261</u> | <u>(190,004)</u> | <u>169,272</u> | <u>16,900</u> |
| | <u>\$ 1,981,942</u> | <u>\$ 1,126,261</u> | <u>\$ (803,362)</u> | <u>\$ 2,304,841</u> | <u>\$ 670,317</u> |
| Brownfield Redevelopment Authority | | | | | |
| Loans payable | <u>\$ 4,153,888</u> | <u>\$ 163,796</u> | <u>\$ (193,889)</u> | <u>\$ 4,123,795</u> | <u>\$ 128,452</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

| Description | Interest Rates | Maturing | Balance at 12/31/2015 |
|--|----------------|----------|----------------------------|
| Governmental activities | | | |
| Building authority bonds: | | | |
| District/probate courthouse | 2.00-3.125 | 2025 | \$ 4,930,000 |
| Health services building | 2.00-4.00 | 2036 | <u>4,435,000</u> |
| Total governmental activities | | | <u>\$ 9,365,000</u> |
| Business-type activities | | | |
| Enterprise fund bonds: | | | |
| Series 2004B Grand Traverse Pavilions Cottages | 3.25-4.00 | 2019 | \$ 1,530,000 |
| Series 2007 Grand Traverse Pavilions Cottages | 4.00-4.375 | 2031 | <u>3,245,000</u> |
| Total business-type activities | | | <u>\$ 4,775,000</u> |
| Department of Public Works | | | |
| Whitewater Township sanitary sewer system | 4.30-5.50 | 2016 | \$ 20,000 |
| Blair Township 2007 water system improvement refunding | 4.00-4.625 | 2023 | 3,085,000 |
| Blair Township 2015 sewer system improvement refunding | 1.00-2.10 | 2025 | 2,725,000 |
| East Bay and Peninsula Townships sewer/water refunding | 1.25-2.20 | 2023 | 2,125,000 |
| Traverse City wastewater treatment plant | | | |
| upgrade refunding | 3.00-4.00 | 2022 | 13,960,000 |
| 2004 septic treatment facility project | 3.05-5.00 | 2024 | 675,000 |
| Sewer and water improvement notes | 2.00 | 2032 | <u>2,097,000</u> |
| Total Department of Public Works | | | <u>\$24,687,000</u> |
| Drain Commission | | | |
| Cass road drainage district note payable | 1.71 | 2017 | <u>\$ 300,000</u> |
| Road Commission | | | |
| 2006 Michigan transportation fund | 3.00-3.25 | 2016 | \$ 290,000 |
| 2015 Michigan transportation fund | 0.65-3.5 | 2030 | 945,000 |
| 2013 equipment lease | 1.53 | 2018 | <u>900,569</u> |
| Road Commission total | | | <u>\$ 2,135,569</u> |
| Brownfield Redevelopment Authority | | | |
| MI Environmental Quality Remediation Loan | 2.00 | 2021 | \$ 281,532 |
| MI Environmental Quality Remediation Loan | 1.50 | 2027 | 863,395 |
| MI Environmental Quality Remediation Loan | 1.50 | 2028 | 1,397,424 |
| MI Environmental Quality Remediation Loan | 1.50 | 2028 | 600,000 |
| MI Environmental Quality Remediation Loan | 2.00 | 2024 | 817,648 |
| MI Environmental Quality Remediation Loan | 1.50 | 2029 | <u>163,796</u> |
| Total Brownfield Redevelopment Authority | | | <u>\$ 4,123,795</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest on general obligation bonds payable are as follows:

| Year Ended December 31, | Governmental Activities | | Business-type Activities | | Component Units | |
|-------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|---------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2016 | \$ 570,000 | \$ 279,868 | \$ 425,000 | \$ 196,844 | \$ 3,080,000 | \$ 826,461 |
| 2017 | 590,000 | 268,268 | 420,000 | 181,794 | 2,845,000 | 708,904 |
| 2018 | 615,000 | 253,968 | 415,000 | 166,438 | 2,965,000 | 603,591 |
| 2019 | 640,000 | 236,382 | 410,000 | 149,838 | 3,080,000 | 496,622 |
| 2020 | 645,000 | 218,382 | 270,000 | 128,738 | 3,160,000 | 381,561 |
| 2021-2025 | 3,555,000 | 794,240 | 1,315,000 | 479,173 | 8,330,000 | 519,190 |
| 2026-2030 | 1,085,000 | 438,586 | 1,270,000 | 193,141 | 365,000 | 37,293 |
| 2031-2035 | 1,355,000 | 227,750 | 250,000 | 5,469 | - | - |
| 2036 | 310,000 | 12,400 | - | - | - | - |
| | <u>\$ 9,365,000</u> | <u>\$ 2,729,844</u> | <u>\$ 4,775,000</u> | <u>\$ 1,501,435</u> | <u>\$ 23,825,000</u> | <u>\$ 3,573,622</u> |

The annual requirements to pay principal and interest on notes payable are as follows:

| Year Ended December 31, | Component Units | |
|-------------------------------|---------------------|-------------------|
| | Principal | Interest |
| 2016 | \$ 100,000 | \$ 41,940 |
| 2017 | 410,000 | 47,729 |
| 2018 | 110,000 | 37,740 |
| 2019 | 115,000 | 35,540 |
| 2020 | 115,000 | 33,240 |
| 2021-2025 | 597,000 | 131,100 |
| 2026-2030 | 655,000 | 69,700 |
| 2031-2032 | 295,000 | 8,900 |
| | <u>\$ 2,397,000</u> | <u>\$ 405,889</u> |

The annual requirements to pay principal and interest on loans payable are as follows:

| Year Ended December 31, | Component Units | |
|-------------------------------|---------------------|-------------------|
| | Principal | Interest |
| 2016 | \$ 128,452 | \$ 21,984 |
| 2017 | 215,484 | 19,415 |
| 2018 | 401,821 | 28,479 |
| 2019 | 394,579 | 51,743 |
| 2020 | 398,722 | 47,601 |
| 2021-2025 | 1,788,731 | 141,664 |
| 2026-2028 | 796,006 | 23,215 |
| | <u>\$ 4,123,795</u> | <u>\$ 334,101</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The annual requirements to pay principal and interest on lease payable are as follows:

| Year Ended December 31, | Component Units | |
|-------------------------|-------------------|------------------|
| | Principal | Interest |
| 2016 | \$ 333,417 | \$ 11,447 |
| 2017 | 338,557 | 6,310 |
| 2018 | 228,595 | 1,314 |
| | <u>\$ 900,569</u> | <u>\$ 19,071</u> |

General obligation debt for governmental activities consists of general obligation bonds of the Building Authority. The Building Authority bonds were issued in prior years for construction or purchase of the Woodmere Public Safety Building and District/Probate Courthouse. These county buildings are security for these Building Authority bonds. The Building Authority has also issued the construction bonds for the Grand Traverse Pavilions (medical care facility); however, these medical care facility construction bonds are reported in and will be paid from the medical care facility enterprise fund.

Compensated absences, the net pension liability and the net OPEB obligation in governmental activities are generally liquidated by the General fund.

Defeased debt

During 2004, the County advance refunded \$2,950,000 of Building Authority, Series 1999 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2015, \$1,500,000 remains in escrow for the payment of these bonds through 2019. Therefore, the bonds in the amount of \$1,500,000 are considered defeased at year-end.

During 2011, the County advance refunded \$21,300,000 of County, Series 2002 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2015, \$14,725,000 remains in escrow for the payment of these bonds through 2022. Therefore, the bonds in the amount of \$14,725,000 are considered defeased at year-end.

During 2012, the County advance refunded \$6,160,000 of County, Series 2005 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2015, \$5,010,000 remains in escrow for the payment of these bonds through 2025. Therefore, the bonds in the amount of \$5,010,000 are considered defeased at year-end.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Discretely Presented Component Units

The Board of County Road Commissioners has entered into an equipment loan agreement with Fifth Third Bank that has a balance of \$900,569 at December 31, 2015. The proceeds were used to purchase equipment. The loan is to be paid back in monthly installments with the final payment due August 2018.

The Board of County Road Commissioners has entered into an agreement with Whitewater Township to pay one-half of the principal and all of the interest on the Series 2006 bonds. The principal owed to the Road Commission from Whitewater Township for the 2006 Series bond of \$145,000 is reported on the combining statement of net position - discretely presented component units as receivables.

The Board of County Road Commissioners has entered into an agreement with Acme Township to pay the principal and interest on the Series 2015 bonds. The principal owed to the Road Commission from Acme Township for the 2015 Series bond of \$945,000 is reported on the combining statement of net position - discretely presented component units as receivables.

The Department of Public Works has entered into various bond agreements. The proceeds were used to finance water, sewer, wastewater treatment plant and septic treatment facility projects, throughout the county. The water and sewer project bonds are direct obligations of five townships: Acme, East Bay Charter, Elmwood Charter, Garfield Charter, and Peninsula. The wastewater treatment plant bonds are a direct obligation of the City of Traverse City and an indirect obligation of the County and the septic treatment facility bonds are a direct obligation of the County. The bonds payable will mature from 2015 through 2025.

The Brownfield Redevelopment Authority has entered into five loan agreements with the Michigan Department of Environmental Quality (MDEQ) that have a balance of \$4,123,795 at December 31, 2015. The loans are to be paid back over a 10-year period with annual payments ranging from \$15,787 to \$405,398 with interest ranging from 1.5% to 2.0%. The final loan matures in 2029. The proceeds were used for development site clean-up. The payments will be funded with tax increment financing revenues. The County holds letters of credit with project developers that will be used to meet loan payments should the tax increment financing revenue fall short.

As of June 30, 2015, the Hospital Finance Authority had outstanding conduit debt in the amount \$122,860,000.

10. RISK MANAGEMENT

General Liability Insurance

Grand Traverse County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The County participates as a member in the Michigan Municipal Risk Management Authority. The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage and property.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members. An individual member's maximum retention on general liability and auto liability is \$75,000. The limits on auto physical damage are \$15,000 per unit and \$30,000 per occurrence. The retention limits for property coverage are subject to a \$1,000 deductible with 10 percent of the first \$100,000 to be paid by the member. Some members have individual retention levels different than the ones previously stated.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund.

In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2015, the Authority had met the minimum requirements.

The County reports the activity and its share of the reinsurance fund in the County Insurance internal service fund.

The changes in the general insurance claims liability are as follows for the years ended December 31:

| | 2015 | 2014 |
|---------------------------------------|-------------------------|-------------------------|
| Claims liability at beginning of year | \$ 30,147 | \$ 135,673 |
| Claims and damages incurred | 35,125 | 2,500 |
| Claims payments | <u>(40,272)</u> | <u>(108,026)</u> |
| Claims liability at the end of year | <u><u>\$ 25,000</u></u> | <u><u>\$ 30,147</u></u> |

As the County anticipates settlement on all outstanding claims during the next twelve months, all amounts have been reported as current.

Risk Management Self-insurance for Workers' Compensation

The County has established a self-insurance program for workers' compensation, which is accounted for in the Fringe Benefits internal service fund. This program is administered by a third party administrator that provides claims reviews and processing. A specific excess workers' compensation reinsurance policy indemnifies the County up to \$5,000,000 for each loss in excess of the first \$400,000. All applicable funds are charged premiums based on payroll. There has been no reduction in insurance coverage from the prior year. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The workers' compensation claims liability of \$40,833 reported in the Fringe Benefits fund at December 31, 2015, is based on the requirements that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is reported based on information provided by the administrator of the plan. No annuity contracts have been purchased for claims liability.

The changes in the workers' compensation claims liability are as follows for the years ended December 31:

| | 2015 | 2014 |
|-------------------------------------|-------------------------|-------------------------|
| Claims liability, beginning of year | \$ 65,101 | \$ 39,583 |
| Claims and damages incurred | 16,998 | 43,679 |
| Claims payments | <u>(41,266)</u> | <u>(18,161)</u> |
| Claims liability, end of year | <u><u>\$ 40,833</u></u> | <u><u>\$ 65,101</u></u> |

As the County anticipates settlement on all outstanding claims during the next twelve months, all amounts have been reported as current.

Road Commission

The Road Commission is exposed to various risks related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Road Commission mitigates risk by carrying workers' compensation insurance through the County Road Association Self-Insurance Fund. The Road Commission is also a member of the Michigan County Road Commission Self-Insurance Pool (MCRCSIP). The insurance coverage provided by MCRCSIP includes, but is not limited to, general liability, auto, property insurance, stop loss protection, errors and omissions, trunk line liability and an umbrella policy. The amount the Road Commission pays annually is determined by the Administrator of MCRCSIP and is based on miles of roads, population and prior claim history. In addition to premiums paid, the Road Commission is responsible for the first \$1,000 of legal expense incurred per occasion. All other risk is transferred to MCRCSIP.

11. JOINT AGREEMENTS

Beginning June 1, 1978, the County entered into an agreement with the City of Traverse City for the joint ownership and operation of the Governmental Center. Under the terms of the agreement, the City owns 26.39% of the property and the County owns the remaining 73.61%. The County's share of the original building cost was approximately \$2,900,000.

Under the terms of a separate agreement, the City reimburses the County for its pro rata share of operation and maintenance costs.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

12. PROPERTY TAXES

The County's property taxes are levied each July 1 for the General fund and on December 1 for the Commission on Aging and Grand Traverse Pavilions (medical care facility) on the taxable valuation of property located in the County as of the preceding December 31, the lien date. Property taxes are collected by the local government units payable without penalty and interest through February 14 of the succeeding year; as of March 1 of the succeeding year, unpaid real property taxes are turned over to the Grand Traverse County Treasurer for collections.

Assessed values, as established annually by the local units of government and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of current market value. Real and personal property in the County for the summer 2015 levy was assessed and equalized at \$4,620,528,695, representing 50 percent of estimated current market value. The County's general operating and commission on aging tax rates for 2015 were 4.9838 and .6000 mills, respectively.

13. DEFINED BENEFIT PENSION PLAN

Defined Benefit Pension Plan - County (excluding the Grand Traverse Pavilions)

General Information About the Plan

Plan Description. The County participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 3 or 5 year period) and multipliers ranging from 2.25% to 2.80%. Participants are considered to be fully vested in the plan after 6 or 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, age 55 with 25 years of service, or with 25 years of service (no age requirement).

Employees Covered by Benefit Terms. At December 31, 2014, plan membership consisted of the following:

| | |
|--|-------|
| Inactive employees or beneficiaries currently receiving benefits | 267 |
| Inactive employees entitled to but not yet receiving benefits | 47 |
| Active employees | 88 |
| | <hr/> |
| Total membership | 402 |
| | <hr/> |

Contributions. The County is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Employer and employee contribution amounts or rates, by division/bargaining unit, were as follows for the year ended December 31, 2015:

| Division/Bargaining Unit | Employer Contribution | Employee Contribution | Plan Status |
|--------------------------------|-----------------------|-----------------------|-------------|
| 01 - General Teamsters | \$ 46,314 | - | Closed |
| 02 - Deputies POAM | 52,281 | 2.00% | Closed |
| 10 - Elected Employees | 29,513 | - | Closed |
| 11 - General Non-contract | 12,413 | - | Closed |
| 12 - AFSCME | 9,443 | - | Closed |
| 13 - Circuit Court | 24.91% | - | Open |
| 14 - Health Department Union | \$ 12,553 | - | Closed |
| 15 - District Court Teamsters | 22,507 | - | Closed |
| 16 - TPOAM | 6,094 | 0.67% | Closed |
| 17 - Circuit Court Supervisors | 48.56% | - | Open |
| 18 - Exempt | \$ 75,876 | - | Closed |
| 20 - Sheriff POLC | 42,841 | - | Closed |
| 21 - Dispatch Unit | 126 | - | Closed |
| 23 - Sergeants Teamsters | 25,197 | - | Closed |

Net Pension Liability. The County's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

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

| | |
|---------------------------|--|
| Inflation | 3% to 4% |
| Salary increases | 4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively) |
| Investment rate of return | 8.25%, net of investment expense and including inflation |

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the period from December 31, 2003 through December 31, 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.)

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|--------------------------------------|-------------------|--|--|
| Global equity | 57.5% | 5.02% | 2.87% |
| Global fixed income | 20.0% | 2.18% | 0.44% |
| Real assets | 12.5% | 4.23% | 0.53% |
| Diversifying strategies | <u>10.0%</u> | <u>6.56%</u> | <u>0.66%</u> |
| | <u>100.0%</u> | | |
| Inflation | | | 3.50% |
| Administrative expenses netted above | | | <u>0.25%</u> |
| Investment rate of return | | | <u>8.25%</u> |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| Balances at December 31, 2014 | <u>\$ 86,777,380</u> | <u>\$ 40,610,785</u> | <u>\$ 46,166,595</u> |
| Changes for the year: | | | |
| Service cost | 548,234 | - | 548,234 |
| Interest | 6,923,107 | - | 6,923,107 |
| Employer contributions | - | 4,479,187 | (4,479,187) |
| Employee contributions | - | 6,978 | (6,978) |
| Net investment income | - | (589,551) | 589,551 |
| Benefit payments, including refunds of employee contributions | (6,270,104) | (6,270,104) | - |
| Administrative expense | - | (87,177) | 87,177 |
| Other changes | (6,868) | - | (6,868) |
| Net changes | <u>1,194,369</u> | <u>(2,460,667)</u> | <u>3,655,036</u> |
| Balances at December 31, 2015 | <u>\$ 87,971,749</u> | <u>\$ 38,150,118</u> | <u>\$ 49,821,631</u> |

At December 31, 2015, the County's net pension liability was reported as follows:

| | |
|---|---------------|
| Governmental activities | \$ 48,591,571 |
| Nonmajor enterprise funds | 1,153,410 |
| Department of Public Works component unit | <u>76,650</u> |
| <u>\$ 49,821,631</u> | |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

| 1% Decrease (7.25%) | Current Discount Rate (8.25%) | 1% Increase (9.25%) |
|------------------------|-------------------------------------|------------------------|
| <u>\$ 58,636,510</u> | <u>\$ 49,821,631</u> | <u>\$ 42,283,844</u> |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the County recognized pension expense of \$5,044,017. The County reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|--------------------------------------|
| Difference between expected and actual experience | \$ - |
| Changes in assumptions | - - |
| Net difference between projected and actual earnings on pension plan investments | <u>3,090,206</u> |
| | <u>3,090,206</u> |
| Contributions subsequent to the measurement date | - - |
| Total | <u>\$ 3,090,206</u> |

At December 31, 2015, the County's deferred outflows of resources was reported as follows:

| | |
|---|---------------------|
| Governmental activities | \$ 3,013,912 |
| Nonmajor enterprise funds | 71,540 |
| Department of Public Works component unit | <u>4,754</u> |
| | <u>\$ 3,090,206</u> |

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

| Year Ended December 31, | Amount |
|----------------------------|----------------------------|
| 2016 | \$ 772,551 |
| 2017 | 772,551 |
| 2018 | 772,551 |
| 2019 | <u>772,553</u> |
| Total | <u>\$ 3,090,206</u> |

Payable to the Pension Plan. At December 31, 2015, the County reported a payable of \$379,192 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Defined Benefit Pension Plan - Grand Traverse Pavilions

General Information About the Plan

Plan Description. The Grand Traverse Pavilions (the "Pavilions") participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 2.0% to 2.5%. Participants are considered to be fully vested in the plan after 6 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service or age 55 with 15 years of service.

Employees Covered by Benefit Terms. At December 31, 2014, plan membership consisted of the following:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 149 |
| Inactive employees entitled to but not yet receiving benefits | 107 |
| Active employees | <u>372</u> |
| | |
| Total membership | <u><u>628</u></u> |

Contributions. The Pavilions is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution rates, by division/bargaining unit, were as follows for the year ended December 31, 2015:

| Division/Bargaining Unit | Employer Contribution | Employee Contribution | Plan Status |
|-------------------------------|-----------------------|-----------------------|-------------|
| 04 - General Unit | 6.86% | 0.40% | Open |
| 40 - LPN Unit | 8.63% | 3.41% | Open |
| 41 - Non-Union | \$ 27,831 | 10.35% | Closed |
| 42 - Union RN | 4.18% | 7.81% | Open |
| 43 - Non-Union after 09/01/15 | 6.12% | 3.00% | Open |

Net Pension Liability. The Pavilion's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

| | |
|---------------------------|--|
| Inflation | 3% to 4% |
| Salary increases | 4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively) |
| Investment rate of return | 8.25%, net of investment expense and including inflation |

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the period from December 31, 2003 through December 31, 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.)

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|--------------------------------------|-------------------|--|--|
| Global equity | 57.5% | 5.02% | 2.87% |
| Global fixed income | 20.0% | 2.18% | 0.44% |
| Real assets | 12.5% | 4.23% | 0.53% |
| Diversifying strategies | 10.0% | 6.56% | 0.66% |
| | <u>100.0%</u> | | |
| Inflation | | | 3.50% |
| Administrative expenses netted above | | | <u>0.25%</u> |
| Investment rate of return | | | <u>8.25%</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|--------------------------------|------------------------------------|------------------------------------|
| Balances at December 31, 2014 | \$ 30,172,373 | \$ 23,748,355 | \$ 6,424,018 |
| Changes for the year: | | | |
| Service cost | 1,277,800 | - | 1,277,800 |
| Interest | 2,486,886 | - | 2,486,886 |
| Employer contributions | - | 1,030,460 | (1,030,460) |
| Employee contributions | - | 727,311 | (727,311) |
| Net investment income | - | (368,610) | 368,610 |
| Benefit payments, including refunds of employee contributions | (1,334,411) | (1,334,411) | - |
| Administrative expense | - | (52,824) | 52,824 |
| Other changes | (14,734) | - | (14,734) |
| Net changes | <u>2,415,541</u> | <u>1,926</u> | <u>2,413,615</u> |
| Balances at December 31, 2015 | \$ 32,587,914 | \$ 23,750,281 | \$ 8,837,633 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Pavilions, calculated using the discount rate of 8.25%, as well as what the Pavilion's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

| 1% Decrease (7.25%) | Current Discount Rate (8.25%) | 1% Increase (9.25%) |
|------------------------|-------------------------------------|------------------------|
| \$ 12,897,266 | \$ 8,837,633 | \$ 5,449,160 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the Pavilions recognized pension expense of \$1,569,568. The Pavilions reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|--------------------------------------|
| Difference between expected and actual experience | \$ - |
| Changes in assumptions | - - |
| Net difference between projected and actual earnings on pension plan investments | <u>1,874,506</u> |
| | <u>1,874,506</u> |
| Contributions subsequent to the measurement date | - - |
| Total | <u>\$ 1,874,506</u> |

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

| Year Ended December 31, | Amount |
|----------------------------|----------------------------|
| 2016 | \$ 468,627 |
| 2017 | 468,627 |
| 2018 | 468,627 |
| 2019 | <u>468,625</u> |
| Total | <u>\$ 1,874,506</u> |

Payable to the Pension Plan. At December 31, 2015, the Pavilions reported a payable of \$193,799 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

Defined Benefit Pension Plan - Road Commission Component Unit

General Information About the Plan

Plan Description. The Road Commission participates in the Municipal Employees' Retirement System (MERS) of Michigan, a defined benefit pension plan providing certain retirement, disability and death benefits to plan members and beneficiaries. MERS is an agent multiple-employer, statewide public employee pension plan established by the Michigan Legislature under Public Act 135 of 1945 and administered by a nine member Retirement Board. Public Act 427 of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. MERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained accessing the MERS website at www.mersofmich.com.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Benefits Provided. Pension benefits vary by division/bargaining unit and are calculated as final average compensation (based on a 5 year period) and multipliers ranging from 2.25% to 2.50%. Participants are considered to be fully vested in the plan after 6 or 10 years. Normal retirement age is 60 with early retirement at age 50 with 25 years of service, age 55 with 15 years of service, or age 55 with 25 years of service.

Employees Covered by Benefit Terms. At December 31, 2014, plan membership consisted of the following:

| | |
|--|-----------|
| Inactive employees or beneficiaries currently receiving benefits | 56 |
| Inactive employees entitled to but not yet receiving benefits | 2 |
| Active employees | 5 |
| | |
| Total membership | <u>63</u> |

Contributions. The Road Commission is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. In addition, the employer may establish contribution rates to be paid by its covered employees.

Employer and employee contribution amounts, by division/bargaining unit, were as follows for the year ended December 31, 2015:

| Division/Bargaining Unit | Employer Contribution | Employee Contribution | Plan Status |
|--------------------------|-----------------------|-----------------------|-------------|
| 01 - General | \$ 33,426 | \$ - | Closed |
| 10 - Administrative | 18,110 | - | Closed |

Net Pension Liability. The Road Commission's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014.

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

| | |
|---------------------------|--|
| Inflation | 3% to 4% |
| Salary increases | 4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively) |
| Investment rate of return | 8.25%, net of investment expense and including inflation |

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for the period from December 31, 2003 through December 31, 2008. (MERS Retirement Board is currently conducting an actuarial experience study covering the period from January 1, 2009 through December 31, 2013.)

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

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return | Expected Money-Weighted Rate of Return |
|--------------------------------------|---------------------|--|--|
| Global equity | 57.5% | 5.02% | 2.87% |
| Global fixed income | 20.0% | 2.18% | 0.44% |
| Real assets | 12.5% | 4.23% | 0.53% |
| Diversifying strategies | 10.0% | 6.56% | 0.66% |
| | <hr/> <u>100.0%</u> | | |
| Inflation | | | 3.50% |
| Administrative expenses netted above | | | <hr/> <u>0.25%</u> |
| Investment rate of return | | | <hr/> <u>8.25%</u> |

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Changes in Net Pension Liability

The components of the change in the net pension liability are summarized as follows:

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|--------------------------------|------------------------------------|------------------------------------|
| Balances at December 31, 2014 | \$ 9,294,541 | \$ 5,883,730 | \$ 3,410,811 |
| Changes for the year: | | | |
| Service cost | 18,465 | - | 18,465 |
| Interest | 728,316 | - | 728,316 |
| Employer contributions | - | 618,432 | (618,432) |
| Net investment income | - | (84,678) | 84,678 |
| Benefit payments, including refunds of employee contributions | (951,391) | (951,391) | - |
| Administrative expense | - | (12,553) | 12,553 |
| Other changes | 51,136 | - | 51,136 |
| Net changes | (153,474) | (430,190) | 276,716 |
| Balances at December 31, 2015 | \$ 9,141,067 | \$ 5,453,540 | \$ 3,687,527 |

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.25%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

| 1% Decrease (7.25%) | Current Discount Rate (8.25%) | 1% Increase (9.25%) |
|------------------------|-------------------------------------|------------------------|
| \$ 4,424,867 | \$ 3,687,527 | \$ 3,042,585 |

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Plan financial statements.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended December 31, 2015, the Road Commission recognized pension expense of \$450,482. The Road Commission reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources |
|---|--------------------------------------|
| Difference between expected and actual experience | \$ - |
| Changes in assumptions | - |
| Net difference between projected and actual earnings on pension plan investments | <u>444,666</u> |
| | <u>444,666</u> |
| Contributions subsequent to the measurement date | - |
| Total | <u><u>\$ 444,666</u></u> |

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

| Year Ended December 31, | Amount |
|----------------------------|------------------------------|
| 2016 | \$ 111,167 |
| 2017 | 111,167 |
| 2018 | 111,167 |
| 2019 | <u>111,165</u> |
| Total | <u><u>\$ 444,666</u></u> |

Payable to the Pension Plan. At December 31, 2015, the Road Commission reported a payable of \$51,536 for the outstanding amount of contributions to the pension plan required for the year ended December 31, 2015.

14. DEFINED CONTRIBUTION PLAN

Primary Government

The County sponsors the "Grand Traverse County Defined Contribution Plan" created in accordance with Internal Revenue Code Section 401(a), which is available to all full-time employees. Employees who were hired previous to May 1, 2001 were able to chose to either stay in the defined benefit plan or to change to the defined contribution plan once their union contract was settled. Participants do not vest in the first two years of service, and become 25%, 50%, 75% and 100% vested in years three through six, respectively. Participants may contribute 3% of their base pay. The County is required to contribute an amount equal to 6% of the participant's base pay plus match employee contributions up to 3% of the employees' base pay.

The plan is administered by MERS. Plan provisions and contribution requirements were established and can only be amended by authorization of the County Commission. In 2015, the County contributed \$1,552,757 and employees contributed \$532,167.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Road Commission

The Road Commission maintains a defined contribution plan administered by MERS for those employees who do not participate in the defined benefit pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Administrative employees are eligible to participate from the date of employment. Union employees are eligible after one year as established by agreement. The Road Commission contributes 9% of administrative and 8% of union personnel gross earnings, respectively plus match employee contributions in an amount equal to 3% administrative and 2% union. Contributions for each employee (adjusted for gains and losses allocated to the employee's account) are vested 20%, 40%, 60%, 80% and 100% in years two through six, respectively. Plan provisions and contribution requirements are established and may be amended by the Board of County Road Commissioners. During 2015, the Road Commission contributed \$197,424 and employees contributed \$44,830 towards the defined contribution plan.

15. OTHER POSTEMPLOYMENT BENEFITS

Primary Government (excluding the Grand Traverse Pavilions)

Plan Description. The County administers the County's Retiree Health Insurance Plan (the Plan) as a single-employer defined benefit other postemployment benefit (OPEB) plan. The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the County subject to the applicable collective bargaining and employment agreements. The Plan does not issue a stand alone financial report nor is it reported as an employee benefits trust fund since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Plan Membership. As of January 1, 2015, the date of the most recent actuarial valuation, the plan had 44 retirees and beneficiaries currently receiving benefits and 261 total plan participants.

Funding Policy. The obligations of plan members, employers and other entities are established by action of the County pursuant to the applicable collective bargaining and employment agreements. The required contribution rates of the employer and members vary depending on the applicable agreement. The County currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the County.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the County's net OPEB obligation to the Retiree Health Plan at December 31, 2015:

| | |
|--|----------------------------|
| Annual required contribution | \$ 621,900 |
| Interest on net OPEB obligation | 81,913 |
| Adjustment to annual required contribution | (92,744) |
| Annual OPEB cost | <u>611,069</u> |
| Contributions made | <u>(95,835)</u> |
| Increase in net OPEB obligation | 515,234 |
| Net OPEB obligation, beginning of year | <u>2,047,832</u> |
| Net OPEB obligation, end of year | <u><u>\$ 2,563,066</u></u> |

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the previous two years was as follows:

| Fiscal Year Ending | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------|------------------|--|---------------------|
| 12/31/2013 | \$ 397,552 | 15.2% | \$ 1,643,816 |
| 12/31/2014 | 476,032 | 15.1% | 2,047,832 |
| 12/31/2015 | 611,069 | 15.7% | 2,563,066 |

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45.

Funded Status and Funding Progress - As of January 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$7,265,462, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,265,462. The covered payroll (annual payroll of active employees covered by the plan) was \$11,590,938, and the ratio of the UAAL to the covered payroll was 62.7%. 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 expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

In the January 1, 2015 actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend inflation rate of 4%. The UAAL is being amortized as a level percentage of projected payroll if the divisions are open to new hires, and as a level dollar if the divisions are closed to new hires. The remaining amortization period at January 1, 2015 was 30 years.

The County's allocation of its OPEB expense to the County's functions are as follows:

| Governmental Activities | |
|--|-----------------------|
| Legislative | \$ 87 |
| Judicial | 68,208 |
| General government | 2,353 |
| Public safety | 325,921 |
| Health and welfare | 213,977 |
| Recreation and culture | 523 |
| Total governmental activities OPEB expense | <u>\$ 611,069</u> |

Grand Traverse Pavilions

Plan Description. The Pavilions administers the Retiree Health Insurance Plan (the Plan) as a single-employer defined benefit OPEB plan. The Plan provides for continuation of medical insurance benefits for certain retirees and can be amended by action of the Pavilions subject to the applicable collective bargaining and employment agreements. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Plan Membership. As of January 1, 2014, the date of the most recent actuarial valuation, the plan had 38 retirees and beneficiaries currently receiving benefits and 364 total plan participants.

Funding Policy. The obligations of plan members, employers and other entities are established by action of the Pavilions pursuant to the applicable collective bargaining and employment agreements. The required contribution rates of the employer and members vary depending on the applicable agreement. The Pavilions currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the Pavilions.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Annual OPEB Cost and Net OPEB Obligation. The Pavilions' annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Pavilions' annual OPEB cost for the year, the amount actually contributed to the plan, and the Pavilions' net OPEB obligation to the Plan at December 31, 2015:

| | |
|--|----------------------------|
| Annual required contribution | \$ 405,076 |
| Interest on net OPEB obligation | 27,435 |
| Adjustment to annual required contribution | (31,252) |
| Annual OPEB cost | <u>401,259</u> |
| Contributions made | <u>(56,675)</u> |
| Increase in net OPEB obligation | 344,584 |
| Net OPEB obligation, beginning of year | <u>685,886</u> |
| Net OPEB obligation, end of year | <u><u>\$ 1,030,470</u></u> |

The Pavilions' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the previous two years was as follows:

| Fiscal Year Ending | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------|------------------|--|---------------------|
| 12/31/2013 | \$ 396,359 | 14.8% | \$ 337,862 |
| 12/31/2014 | 406,258 | 14.3% | 685,886 |
| 12/31/2015 | 401,259 | 14.1% | 1,030,470 |

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 45.

Funded Status and Funding Progress - As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$4,720,079, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,720,079. The covered payroll (annual payroll of active employees covered by the plan) was \$14,652,011, and the ratio of the UAAL to the covered payroll was 32.2%. 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 expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

In the January 1, 2014 actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend inflation rate of 4%. The UAAL is being amortized as a level percentage of projected payroll if the divisions are open to new hires, and as a level dollar if the divisions are closed to new hires. The remaining amortization period at January 1, 2014 was 30 years.

Road Commission

Plan Description. The Road Commission provides health care benefits to its retired employees, as established by Resolution of the Board of County Road Commissioners. The Road Commission pays medical premiums or reimburses a prescribed amount of medical expenses for employees based on age and years of service at the time of retirement.

Plan Membership. Plan membership consisted of the following at December 31, 2014 (the date of the latest actuarial valuation):

| | |
|---|------------|
| Retirees and beneficiaries currently receiving benefits | 62 |
| Active participants | 46 |
| Total memberships | 108 |

Funding Policy. The Road Commission's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Annual OPEB Cost and Net OPEB Obligation. For 2015, the components of the Road Commission's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB obligation to the Plan are as follows:

| | |
|--|---------------------|
| Annual required contribution | \$ 264,348 |
| Interest on net OPEB obligation | 100,673 |
| Adjustment to annual required contribution | (162,890) |
| Annual OPEB cost | 202,131 |
| Contributions made | (172,670) |
| Increase in net OPEB obligation | 29,461 |
| Net OPEB obligation, beginning of year | 2,516,828 |
| Net OPEB obligation, end of year | \$ 2,546,289 |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The Road Commission's annual OPEB cost, contributions, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the previous two years, were as follows:

| Years Ended December 31, | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|--------------------------|------------------|---------------------|--|---------------------|
| 12/31/2013 | \$ 593,776 | \$ 159,308 | 26.8% | \$ 2,491,184 |
| 12/31/2014 | 196,944 | 171,300 | 87.0% | 2,516,828 |
| 12/31/2015 | 202,131 | 172,670 | 85.4% | 2,546,289 |

Funded Status and Funding Progress. The plan was 5.0 percent funded as of December 31, 2014, the date of the latest actuarial valuation. The actuarial accrued liability for benefits was \$2,877,173, and the actuarial value of assets was \$143,983, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,733,190. The covered payroll and the ratio of the UAAL to the covered payroll are not available.

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 to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

| | |
|-------------------------------|------------------------------------|
| Actuarial valuation date | 12/31/2014 |
| Actuarial cost method | Projected unit credit |
| Amortization method | Level dollar, closed |
| Remaining amortization period | 24 years |
| Actuarial assumptions: | |
| Investment rate of return | 4.0% |
| Healthcare inflation rate | 9.0% downgraded to 5% over 4 years |

16. CONTINGENCIES AND COMMITMENTS

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

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Financial Statements

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

Under the terms of various Federal and State grants, periodic audits are required and certain costs may be questioned as not being eligible under the terms of the grants. Questioned costs could lead to reimbursement to the grantor agencies. Management believes such disallowances, if any, would not be material to the financial position of the Road Commission.

■ 17. RELATED PARTY TRANSACTIONS

In July 1998, the Grand Traverse Pavilions Foundation (the “Foundation”) and, in 2001, the Grand Traverse Pavilions Endowment were organized for the following purposes:

- To accept and administer donations, contributions and gifts for the benefit of the Grand Traverse Pavilions, an enterprise fund of the County.
- To operate for the benefit of and in support of Pavilions.
- To provide resources for any activities that will provide a direct benefit to, and improve the health and welfare of Pavilion's residents.
- To operate solely as nonprofit corporations in such a manner that no part of their net earnings will incur to the benefit of any member, trustee, officer or individual.

The Foundation's Board of Directors is appointed by the Grand Traverse Pavilions' Board of Directors. During 2015, Pavilions paid operating expenses on behalf of the Foundation for which Pavilions is reimbursed. There is no balance due to Pavilions at December 31, 2015.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

Fund balances of governmental funds were comprised as follows at December 31, 2015:

| | General Fund | Commission on Aging | Health Department | Nonmajor Governmental | Total |
|--|---------------------|---------------------|---------------------|-----------------------|----------------------|
| Nonspendable | | | | | |
| Prepaid items | \$ 9,586 | \$ 735 | \$ 44,125 | \$ 8,368 | \$ 62,814 |
| Long-term advances | 2,341,874 | - | - | - | 2,341,874 |
| Total nonspendable | 2,351,460 | 735 | 44,125 | 8,368 | 2,404,688 |
| Restricted | | | | | |
| Commission on aging | - | 2,160,086 | - | - | 2,160,086 |
| Health department | - | - | 759,130 | - | 759,130 |
| Parks and recreation | - | - | - | 49,171 | 49,171 |
| Veterans' trust | - | - | - | 1,768 | 1,768 |
| ROD automation | - | - | - | 278,581 | 278,581 |
| County law library | - | - | - | 16,210 | 16,210 |
| Federal equitable sharing | - | - | - | 8,161 | 8,161 |
| Criminal justice training | - | - | - | 18,535 | 18,535 |
| Housing trust | - | - | - | 281,926 | 281,926 |
| Economic development | - | - | - | 783,201 | 783,201 |
| Community development | - | - | - | 1,964,502 | 1,964,502 |
| Concealed pistol licensing | - | - | - | 8,870 | 8,870 |
| Total restricted | - | 2,160,086 | 759,130 | 3,410,925 | 6,330,141 |
| Committed | | | | | |
| Health department | - | - | 1,439,345 | - | 1,439,345 |
| 13th circuit court | - | - | - | 48,340 | 48,340 |
| Local crime victims rights | - | - | - | 12,737 | 12,737 |
| 86th district court | - | - | - | 813 | 813 |
| County special projects | - | - | - | 27,323 | 27,323 |
| Parks and recreation | - | - | - | 59,249 | 59,249 |
| Maple Bay development | - | - | - | 10,465 | 10,465 |
| Friend of the court | - | - | - | 1,397,844 | 1,397,844 |
| Gypsy moth suppression | - | - | - | 626 | 626 |
| Corrections P.A. 511 | - | - | - | 365,628 | 365,628 |
| Mitchell Creek watershed | - | - | - | 8,155 | 8,155 |
| Next Michigan | - | - | - | 9,330 | 9,330 |
| Corrections officers training | - | - | - | 47,873 | 47,873 |
| Capital projects | - | - | - | 1,133,410 | 1,133,410 |
| Total committed | - | - | 1,439,345 | 3,121,793 | 4,561,138 |
| Assigned | | | | | |
| Subsequent year's expenditures | 500,000 | - | - | - | 500,000 |
| Unassigned (deficit) | 6,665,052 | - | - | (1,820,000) | 4,845,052 |
| Total fund balances, governmental funds | \$ 9,516,512 | \$ 2,160,821 | \$ 2,242,600 | \$ 4,721,086 | \$ 18,641,019 |

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2015, was as follows:

| | Governmental Activities | Business-type Activities | Component Units |
|---|-------------------------|--------------------------|----------------------|
| Capital assets: | | | |
| Capital assets not being depreciated | \$ 18,774,788 | \$ 1,919,218 | \$ 28,559,102 |
| Capital assets being depreciated, net | 27,522,707 | 20,623,338 | 55,050,782 |
| | <u>46,297,495</u> | <u>22,542,556</u> | <u>83,609,884</u> |
| Related debt: | | | |
| Bonds payable | 9,365,000 | 4,775,000 | 23,825,000 |
| Notes payable | - | - | 2,097,000 |
| Leases payable | - | - | 900,569 |
| Bond premiums and discounts, net | (40,748) | 4,739 | - |
| Deferred loss on refunding | - | (192,394) | - |
| Bonds payable related to capital leases | - | - | (23,329,251) |
| | <u>9,324,252</u> | <u>4,587,345</u> | <u>3,493,318</u> |
| Net investment in capital assets | \$ 36,973,243 | \$ 17,955,211 | \$ 80,116,566 |

20. RESTATEMENTS

The County adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. As a result of this change, beginning net position of governmental activities, the Grand Traverse Pavilions enterprise fund, nonmajor enterprise funds, business-type activities, and the aggregate discretely presented component units was decreased by \$45,026,775, \$6,424,018, \$1,068,793, \$7,492,811, and \$3,481,838, respectively.

The County had a number of long-term loans outstanding which were fully offset by deferred inflows. The County has elected to change this presentation to remove the deferred inflows, and instead reflect restricted fund balance, as the County believes this policy is more consistent with the provisions of GASB Statement 54, which requires the long-term portion of loans and notes receivable to be reported as restricted fund balance, as these loans were initially made using grant funds, and the proceeds from the collection of these loans will be restricted for reinvestment into the grant program. As a result of this change, the beginning fund balance of nonmajor governmental funds was restated (increased) by \$2,568,372.



REQUIRED SUPPLEMENTARY INFORMATION

GRAND TRAVERSE COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government
(Excluding the Grand Traverse Pavilions)

Schedule of Changes in the County's Net Pension Liability and Related Ratios

| | Year Ended December 31, 2015 |
|---|------------------------------------|
| Total pension liability | |
| Service cost | \$ 548,234 |
| Interest | 6,923,107 |
| Benefit payments, including refunds of employee contributions | (6,270,104) |
| Other changes | (6,868) |
| Net change in total pension liability | 1,194,369 |
| Total pension liability, beginning of year | 86,777,380 |
| Total pension liability, end of year | 87,971,749 |
| Plan fiduciary net position | |
| Employer contributions | 4,479,187 |
| Employee contributions | 6,978 |
| Net investment income | (589,551) |
| Benefit payments, including refunds of employee contributions | (6,270,104) |
| Administrative expense | (87,177) |
| Net change in plan fiduciary net position | (2,460,667) |
| Plan fiduciary net position, beginning of year | 40,610,785 |
| Plan fiduciary net position, end of year | 38,150,118 |
| County's net pension liability | \$ 49,821,631 |
| Plan fiduciary net position as a percentage of total pension liability | 43.4% |
| Covered-employee payroll | \$ 4,557,937 |
| County's net pension liability as a percentage of covered-employee payroll | 1093.1% |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government
(Excluding the Grand Traverse Pavilions)

Schedule of the Net Pension Liability

| Fiscal Year Ended December 31, | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as Percentage of Total Pension Liability | Covered- Employee Payroll |
|--------------------------------------|----------------------------|----------------------|--------------------------|--|---------------------------------|
| 2015 | \$ 87,971,749 | \$ 38,150,118 | \$ 49,821,631 | 43.4% | \$ 4,557,937 |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

GRAND TRAVERSE COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan - Primary Government
(Excluding the Grand Traverse Pavilions)

Schedule of Contributions

| Fiscal Year Ended December 31, | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Contributions as Percentage of Covered-Employee Payroll |
|--------------------------------|-------------------------------------|--|----------------------------------|--------------------------|---|
| 2015 | \$ 4,479,187 | \$ 4,479,187 | \$ - | \$ 4,557,937 | 98.3% |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percent of payroll, open |
| Remaining amortization period | 13 or 24 years, depending on division/bargaining unit |
| Asset valuation method | Open; 10-year smooth market |
| Inflation | 3.0% to 4.0% |
| Salary increases | 4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively) |
| Investment rate of return | 8.25% |
| Retirement age | Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations. |
| Mortality | 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members. |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Grand Traverse Pavilions

Schedule of Changes in the Pavilions' Net Pension Liability and Related Ratios

| | Year Ended December 31, 2015 |
|---|------------------------------------|
| Total pension liability | |
| Service cost | \$ 1,277,800 |
| Interest | 2,486,886 |
| Benefit payments, including refunds of employee contributions | (1,334,411) |
| Other changes | (14,734) |
| Net change in total pension liability | 2,415,541 |
| Total pension liability, beginning of year | <u>30,172,373</u> |
| Total pension liability, end of year | <u>32,587,914</u> |
| Plan fiduciary net position | |
| Employer contributions | 1,030,460 |
| Employee contributions | 727,311 |
| Net investment income | (368,610) |
| Benefit payments, including refunds of employee contributions | (1,334,411) |
| Administrative expense | (52,824) |
| Net change in plan fiduciary net position | 1,926 |
| Plan fiduciary net position, beginning of year | <u>23,748,355</u> |
| Plan fiduciary net position, end of year | <u>23,750,281</u> |
| Pavilions' net pension liability | <u>\$ 8,837,633</u> |
| Plan fiduciary net position as a percentage of total pension liability | 72.9% |
| Covered-employee payroll | <u>\$ 13,864,604</u> |
| Pavilions' net pension liability as a percentage of covered-employee payroll | 63.7% |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively.
Ultimately, 10 years of data will be presented.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Grand Traverse Pavilions

Schedule of the Net Pension Liability

| Fiscal Year Ended December 31, | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as Percentage of Total Pension Liability | Covered- Employee Payroll |
|--------------------------------------|----------------------------|----------------------|--------------------------|--|---------------------------------|
| 2015 | \$ 32,587,914 | \$ 23,750,281 | \$ 8,837,633 | 72.9% | \$ 13,864,604 |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

GRAND TRAVERSE COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Grand Traverse Pavilions

Schedule of Contributions

| Fiscal Year Ended December 31, | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Contributions as Percentage of Covered-Employee Payroll |
|--------------------------------|-------------------------------------|--|----------------------------------|--------------------------|---|
| 2015 | \$ 1,030,460 | \$ 1,030,460 | \$ - | \$ 13,864,604 | 7.4% |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percent of payroll, open |
| Remaining amortization period | 24 years |
| Asset valuation method | Open; 10-year smooth market |
| Inflation | 3.0% to 4.0% |
| Salary increases | 4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively) |
| Investment rate of return | 8.25% |
| Retirement age | Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations. |
| Mortality | 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members. |

GRAND TRAVERSE COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Road Commission Component Unit

Schedule of Changes in the Road Commission's Net Pension Liability and Related Ratios

| | Year Ended December 31, 2015 |
|--|------------------------------------|
| Total pension liability | |
| Service cost | \$ 18,465 |
| Interest | 728,316 |
| Benefit payments, including refunds of employee contributions | (951,391) |
| Other changes | 51,136 |
| Net change in total pension liability | (153,474) |
| Total pension liability, beginning of year | <u>9,294,541</u> |
| Total pension liability, end of year | <u>9,141,067</u> |
| Plan fiduciary net position | |
| Employer contributions | 618,432 |
| Net investment income | (84,678) |
| Benefit payments, including refunds of employee contributions | (951,391) |
| Administrative expense | (12,553) |
| Net change in plan fiduciary net position | (430,190) |
| Plan fiduciary net position, beginning of year | <u>5,883,730</u> |
| Plan fiduciary net position, end of year | <u>5,453,540</u> |
| Road Commission's net pension liability | <u>\$ 3,687,527</u> |
| Plan fiduciary net position as a percentage of total pension liability | 59.7% |
| Covered-employee payroll | <u>\$ 226,661</u> |
| Road Commission's net pension liability as a percentage of covered-employee payroll | 1626.9% |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Road Commission Component Unit

Schedule of the Net Pension Liability

| Fiscal Year Ended December 31, | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as Percentage of Total Pension Liability | Covered- Employee Payroll |
|--------------------------------------|----------------------------|----------------------|--------------------------|--|---------------------------------|
| 2015 | \$ 9,141,067 | \$ 5,453,540 | \$ 3,687,527 | 59.7% | \$ 226,661 |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

GRAND TRAVERSE COUNTY, MICHIGAN

Required Supplementary Information

MERS Agent Multiple-Employer Defined Benefit Pension Plan -
Road Commission Component Unit

Schedule of Contributions

| Fiscal Year Ended December 31, | Actuarially Determined Contribution | Contributions in Relation to the Actuarially Determined Contribution | Contribution Deficiency (Excess) | Covered-Employee Payroll | Contributions as Percentage of Covered-Employee Payroll |
|--------------------------------|-------------------------------------|--|----------------------------------|--------------------------|---|
| 2015 | \$ 618,432 | \$ 618,432 | \$ - | \$ 226,661 | 272.8% |

Note: GASB 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Notes to Schedule of Contributions

Valuation Date Actuarially determined contribution rates are calculated as of the December 31 that is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry-age normal |
| Amortization method | Level percent of payroll, closed |
| Remaining amortization period | 5 years |
| Asset valuation method | Open; 10-year smooth market |
| Inflation | 3.0% to 4.0% |
| Salary increases | 4.5% in the long-term (2% and 3% for calendar years 2015 and 2016, respectively) |
| Investment rate of return | 8.25% |
| Retirement age | Age-based table of rates that are specific to the type of eligibility condition. The Normal Retirement rates were first used for the December 31, 2009 actuarial valuations. The Early Retirement rates were first used for the December 31, 2011 actuarial valuations. |
| Mortality | 1994 Group Annuity Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members. |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

Retiree Health Care Plan - Other Postemployment Benefit Plan
 Primary Government (Excluding the Grand Traverse Pavilions)

| Schedule of Funding Progress | | | | | | | |
|------------------------------|-------------------------------|---|-----------------------------|----------------------|---------------------|---|--|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of covered Payroll ((b - a) / c) | |
| 12/31/2010 | \$ - | \$ 6,100,749 | \$ 6,100,749 | 0.0% | \$ 12,645,018 | 48.2% | |
| 12/31/2012 | - | 7,322,566 | 7,322,566 | 0.0% | 11,680,068 | 62.7% | |
| 01/01/2015 | - | 7,265,462 | 7,265,462 | 0.0% | 11,590,938 | 62.7% | |

| Schedule of Employer Contributions | | | |
|------------------------------------|------------------------------|------------------------|--|
| Year Ended December 31, | Annual Required Contribution | Percentage Contributed | |
| 2013 | \$ 395,542 | 15.2% | |
| 2014 | 476,032 | 15.1% | |
| 2015 | 621,900 | 15.4% | |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

Retiree Health Care Plan - Other Postemployment Benefit Plan
Grand Traverse Pavilions

| Schedule of Funding Progress | | | | | | |
|------------------------------------|-------------------------------|---|-----------------------------|------------------------|---------------------|---|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of covered Payroll ((b - a) / c) |
| 01/01/2012 | \$ - | \$ 4,843,273 | \$ 4,843,273 | 0.0% | \$ 14,507,965 | 33.4% |
| 01/01/2014 | - | 4,720,079 | 4,720,079 | 0.0% | 14,652,011 | 32.2% |
| Schedule of Employer Contributions | | | | | | |
| Year Ended December 31, | | Annual Required Contribution | | Percentage Contributed | | |
| | 2013 | \$ 396,359 | | 14.8% | | |
| | 2014 | 408,138 | | 14.3% | | |
| | 2015 | 405,076 | | 14.0% | | |

Data prior to 2012 is not available. An additional year of information will be reported when available in future years.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Required Supplementary Information

Retiree Health Care Plan - Other Postemployment Benefit Plan
Road Commission Component Unit

| Schedule of Funding Progress | | | | | | |
|------------------------------|-------------------------------|---|-----------------------------|----------------------|---------------------|---|
| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Entry Age (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of covered Payroll ((b - a) / c) |
| 12/31/2008 | \$ - | \$ 6,695,670 | \$ 6,695,670 | 0.0% | Not available | Not available |
| 12/31/2011 | 30,000 | 5,571,962 | 5,541,962 | 0.5% | Not available | Not available |
| 12/31/2014 | 143,983 | 2,877,176 | 2,733,193 | 5.0% | Not available | Not available |

| Schedule of Employer Contributions | | |
|------------------------------------|------------------------------|------------------------|
| Year Ended December 31, | Annual Required Contribution | Percentage Contributed |
| 2012 | \$ 576,069 | 27.4% |
| 2013 | 586,780 | 27.1% |
| 2014 | 245,401 | 67.3% |

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**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

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GRAND TRAVERSE COUNTY, MICHIGAN

■ Nonmajor Governmental Funds

Special Revenue Funds

13th Circuit Court Fund - This fund is used to account for revenues received from Grand Traverse, Antrim and Leelanau counties to cover court activities.

Local Crime Victims Rights Fund - This fund is used to account for payments from defendants for LCVR sentencing assessment, to allow timely payments to victims when restitution from defendants is not likely due to incarceration, etc. as determined by Circuit Court Administration.

86th District Court Fund - This fund is used to account for revenues received from Grand Traverse, Antrim and Leelanau counties to cover court activities.

County Special Projects Fund - This fund is used to account for grants or other revenue received specifically for County special projects such as trails and the nature center.

Parks and Recreation Fund - This fund is used to account for revenue sources generated by County park facilities to cover the cost of corresponding expenditures.

Maple Bay Development Fund - This fund is used to account for grants and other revenues specifically for improvement of the Maple Bay property.

Friend of the Court Fund - This fund is used to account for judgment fees, state grants, Title IV-D, charges for services, and revenues received from Grand Traverse, Antrim and Leelanau counties for FOC activities.

Gypsy Moth Suppression Program Fund - This fund is used to account for revenues received from property owners and federal and state grants for controlling gypsy moths.

Veterans' Trust Fund - This fund is used to account for revenue received from the State and County match funds to provide emergency assistance to Michigan veterans.

Register of Deeds Automation Fund - This fund is used to account for the collection of \$5.00 of the total fee collected for each recording, which is used for upgrading technology in the Register of Deeds' Office.

Corrections P.A. 511 Fund - This fund is used to account for tether program revenue, appropriations from the General Fund and state grant revenue for community corrections programs such as the transition house and tether program.

County Law Library Fund - This fund is used to account for revenue received from penal fines and General Fund appropriations earmarked for maintaining a law library.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Nonmajor Governmental Funds

Special Revenue Funds (Continued)

Federal Equitable Sharing Fund - This fund is used to account for revenue received from the United States Treasury/IRS for a portion of properties seized/confiscated during a federal investigation. Revenue is to be used for law enforcement purposes.

Criminal Justice Training Act Fund - This fund is used to account for state grant revenue to help continue law enforcement employee training.

Mitchell Creek Watershed Fund - This fund is used to account for the DEQ Coastal Management state grant and County funds for improvement of the Mitchell Creek Watershed.

Housing Trust Fund - This fund is used to account for HUD grant revenue and County contributions for affordable housing, corridor revitalization plans, and housing inventory/assessment.

Next Michigan Fund - This fund is used to account for economic development activities relating to the expansion and attraction of businesses that ship goods by two or more modes of transportation.

EDC Fund - This fund is used to account for interest revenue and principal repayments from EDC loans to help promote economic development within the County.

EPA Grant Fund - This fund is used to account for federal funds used to assess properties contaminated by petroleum substances.

Revenue Sharing Reserve Fund - This fund is used to account for tax revenues accumulated as a result of the gradual shift of the County property tax levy from December 1 to July 1. These tax revenues are a temporary substitute or replacement revenue for state revenue sharing payments.

Child Care Fund - This fund is used to account for revenues received from the General Fund, federal and state grants, private agencies, and individuals to provide care, guidance, and control of children coming under the jurisdiction of the Family Division of the 13th Circuit Court.

Juvenile Accountability Fund - This fund is used to account for revenues received from the General Fund and state grants to provide foster care to children under the jurisdiction of the Family Division of the 13th Circuit Court, who do not qualify for the state foster care program.

Safe Havens Fund - This fund is used to account for revenues received from the federal government for the supervised visitation and safe exchange program.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Nonmajor Governmental Funds

Special Revenue Funds (Concluded)

Corrections Officers Training Fund - This fund is used to account for revenue received from inmate booking fees to be used for costs relating to the continuing education, certification, re-certification, and training of local correction officers.

Central Dispatch Fund - This fund is used to account for revenue received from 911 surcharge fees to be used for central dispatch operations.

Concealed Pistol Licensing Fund - This fund is used to account for revenue received from concealed pistol licensing fees to be used for law enforcement activities.

CDBG Fund - This fund accounts for federal Community Development Block Grant (CDBG) funds provided to the County and program income for the rehabilitation of owner-occupied, single family residential units in the County.

Debt Service Funds

Building Authority LaFranier DPW Debt Fund - This fund was established to accumulate resources to meet the annual debt service requirements for the bond issued to construct the Public Services Building and to construct an addition to the DPW shop.

Woodmere Debt Fund - This fund was established to accumulate resources to meet the annual debt service requirements for the bond issued to purchase and renovate the Woodmere Law Enforcement Building.

Courthouse Debt Fund - This fund was established to accumulate resources to meet the annual debt service requirements for the bond issued to build the new Hall of Justice Building.

Health Services Debt Fund - This fund was established to accumulate resources to meet the annual debt service requirements for the bond issued to build the new Health Services Building.

Capital Projects Funds

County Facilities Fund - This fund was established to account for the cost of maintaining and operating County facilities.

Capital Improvement Fund - This fund was established to accumulate resources for infrastructure, capital improvements, major repairs and maintenance expenditures.

Health Services Fund - This fund was established to accumulate resources for construction of the new Health Services building.

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2015

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|-----------------------------|--------------------------|------------------------------|--|
| Assets | | | | |
| Cash and cash equivalents | \$ 2,488,179 | \$ - | \$ 1,180,968 | \$ 3,669,147 |
| Investments | 70,526 | - | - | 70,526 |
| Receivables, net: | | | | |
| Accounts | 769,536 | - | 45,712 | 815,248 |
| Loans | 2,484,261 | - | - | 2,484,261 |
| Interest | 674 | - | - | 674 |
| Due from other governments | 793,090 | - | - | 793,090 |
| Due from other funds | 564,693 | - | 4,676 | 569,369 |
| Prepaid items | 3,917 | - | 4,451 | 8,368 |
| Total assets | \$ 7,174,876 | \$ - | \$ 1,235,807 | \$ 8,410,683 |
| Liabilities | | | | |
| Accounts payable | \$ 236,723 | \$ - | \$ 97,946 | \$ 334,669 |
| Accrued liabilities | 247,892 | - | - | 247,892 |
| Due to other funds | 784,317 | - | - | 784,317 |
| Due to other governments | 125,262 | - | - | 125,262 |
| Advance from other funds | 371,874 | 1,820,000 | - | 2,191,874 |
| Unearned revenues | 5,583 | - | - | 5,583 |
| Total liabilities | 1,771,651 | 1,820,000 | 97,946 | 3,689,597 |
| Fund balances | | | | |
| Nonspendable | 3,917 | - | 4,451 | 8,368 |
| Restricted | 3,410,925 | - | - | 3,410,925 |
| Committed | 1,988,383 | - | 1,133,410 | 3,121,793 |
| Unassigned (deficit) | - | (1,820,000) | - | (1,820,000) |
| Total fund balances | 5,403,225 | (1,820,000) | 1,137,861 | 4,721,086 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 7,174,876 | \$ - | \$ 1,235,807 | \$ 8,410,683 |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds For the Year Ended December 31, 2015

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|-----------------------------|--------------------------|------------------------------|--|
| Revenues | | | | |
| Licenses and permits | \$ 18,310 | \$ - | \$ - | \$ 18,310 |
| Intergovernmental: | | | | |
| Federal sources | 1,687,546 | - | - | 1,687,546 |
| State sources | 1,236,973 | - | - | 1,236,973 |
| Local sources | 3,037,745 | - | 44,702 | 3,082,447 |
| Charges for services | 961,992 | - | - | 961,992 |
| Rental revenues | 114,866 | - | - | 114,866 |
| Interest revenues | 14,137 | - | - | 14,137 |
| Other revenues | 420,212 | - | 107,346 | 527,558 |
| Total revenues | 7,491,781 | | 152,048 | 7,643,829 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 7,889,661 | - | - | 7,889,661 |
| General government | 97,882 | - | 1,761,263 | 1,859,145 |
| Public safety | 2,590,674 | - | - | 2,590,674 |
| Health and welfare | 2,060,842 | - | - | 2,060,842 |
| Economic development | 118,290 | - | - | 118,290 |
| Recreation and cultural | 759,599 | - | - | 759,599 |
| Debt service: | | | | |
| Principal | - | 570,000 | - | 570,000 |
| Interest and fiscal charges | - | 291,256 | - | 291,256 |
| Capital outlay | 25,074 | - | 242,439 | 267,513 |
| Total expenditures | 13,542,022 | 861,256 | 2,003,702 | 16,406,980 |
| Revenues under expenditures | (6,050,241) | (861,256) | (1,851,654) | (8,763,151) |
| Other financing sources (uses) | | | | |
| Transfers in | 6,278,100 | 1,276,256 | 2,369,974 | 9,924,330 |
| Transfers out | (583,913) | - | - | (583,913) |
| Total other financing sources (uses) | 5,694,187 | 1,276,256 | 2,369,974 | 9,340,417 |
| Net change in fund balances | (356,054) | 415,000 | 518,320 | 577,266 |
| Fund balances (deficit), beginning of year, as restated | 5,759,279 | (2,235,000) | 619,541 | 4,143,820 |
| Fund balances (deficit), end of year | \$ 5,403,225 | \$ (1,820,000) | \$ 1,137,861 | \$ 4,721,086 |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2015

| | 13th Circuit Court | Local Crime Victims Rights | 86th District Court | County Special Projects |
|--|--------------------------|-------------------------------------|---------------------------|-------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 7,129 | \$ 13,072 | \$ - | \$ 27,323 |
| Investments | - | - | - | - |
| Receivables, net: | | | | |
| Accounts | 67,651 | - | 164,539 | - |
| Loans | - | - | - | - |
| Interest | - | - | - | - |
| Due from other governments | - | - | 656 | - |
| Due from other funds | 205,396 | - | 359,272 | - |
| Prepaid items | 275 | - | 75 | - |
| Total assets | \$ 280,451 | \$ 13,072 | \$ 524,542 | \$ 27,323 |
| Liabilities | | | | |
| Accounts payable | \$ 43,088 | \$ 335 | \$ 36,520 | \$ - |
| Accrued liabilities | 13,402 | - | 82,579 | - |
| Due to other funds | 19,050 | - | 63,715 | - |
| Due to other governments | 35,653 | - | 89,609 | - |
| Advance from other funds | 120,643 | - | 251,231 | - |
| Unearned revenues | - | - | - | - |
| Total liabilities | 231,836 | 335 | 523,654 | - |
| Fund balances | | | | |
| Nonspendable | 275 | - | 75 | - |
| Restricted | - | - | - | - |
| Committed | 48,340 | 12,737 | 813 | 27,323 |
| Total fund balances | 48,615 | 12,737 | 888 | 27,323 |
| Total liabilities and fund balances | \$ 280,451 | \$ 13,072 | \$ 524,542 | \$ 27,323 |

| Parks and Recreation | Maple Bay Development | Friend of the Court | Gypsy Moth Suppression Program | Veterans' Trust | Register of Deeds Automation | Corrections P.A. 511 |
|----------------------|-----------------------|---------------------|--------------------------------|-----------------|------------------------------|----------------------|
| \$ 95,349 | \$ 10,465 | \$ 1,129,500 | \$ 626 | \$ - | \$ 280,752 | \$ 320,130 |
| 33,160 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | 355,748 | - | 3,000 | - | 88,896 |
| 25 | - | - | - | - | - | - |
| <u>831</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>\$ 129,365</u> | <u>\$ 10,465</u> | <u>\$ 1,485,248</u> | <u>\$ 626</u> | <u>\$ 3,000</u> | <u>\$ 280,752</u> | <u>\$ 409,026</u> |
| \$ 4,341 | \$ - | \$ 3,909 | \$ - | \$ - | \$ - | \$ 31,143 |
| 11,101 | - | 59,494 | - | 280 | - | 11,645 |
| 4,672 | - | 24,001 | - | 952 | 2,171 | 610 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>20,114</u> | <u>-</u> | <u>87,404</u> | <u>-</u> | <u>1,232</u> | <u>2,171</u> | <u>43,398</u> |
| 831 | - | - | - | 1,768 | 278,581 | - |
| 49,171 | - | - | - | - | - | - |
| 59,249 | 10,465 | 1,397,844 | 626 | - | - | 365,628 |
| <u>109,251</u> | <u>10,465</u> | <u>1,397,844</u> | <u>626</u> | <u>1,768</u> | <u>278,581</u> | <u>365,628</u> |
| <u>\$ 129,365</u> | <u>\$ 10,465</u> | <u>\$ 1,485,248</u> | <u>\$ 626</u> | <u>\$ 3,000</u> | <u>\$ 280,752</u> | <u>\$ 409,026</u> |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2015

| | County Law Library | Federal Equitable Sharing | Criminal Justice Training Act | Mitchell Creek Watershed |
|--|-----------------------|---------------------------------|-------------------------------------|--------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 16,210 | \$ 8,161 | \$ 21,655 | \$ 8,155 |
| Investments | - | - | - | - |
| Receivables, net: | | | | |
| Accounts | - | - | - | - |
| Loans | - | - | - | - |
| Interest | - | - | - | - |
| Due from other governments | - | - | - | - |
| Due from other funds | - | - | - | - |
| Prepaid items | - | - | 2,280 | - |
| Total assets | \$ 16,210 | \$ 8,161 | \$ 23,935 | \$ 8,155 |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ - | \$ 3,120 | \$ - |
| Accrued liabilities | - | - | - | - |
| Due to other funds | - | - | - | - |
| Due to other governments | - | - | - | - |
| Advance from other funds | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Total liabilities | - | - | 3,120 | - |
| Fund balances | | | | |
| Nonspendable | - | - | 2,280 | - |
| Restricted | 16,210 | 8,161 | 18,535 | - |
| Committed | - | - | - | 8,155 |
| Total fund balances | 16,210 | 8,161 | 20,815 | 8,155 |
| Total liabilities and fund balances | \$ 16,210 | \$ 8,161 | \$ 23,935 | \$ 8,155 |

| Housing Trust | Next Michigan | EDC | EPA Grant | Revenue Sharing Reserve | Child Care | Juvenile Accountability |
|---------------|---------------|------------|-----------|-------------------------|------------|-------------------------|
| \$ 206,926 | \$ 14,813 | \$ 107,591 | \$ - | \$ - | \$ - | \$ - |
| | | 70,526 | | | | |
| | | | | | | |
| 75,000 | - | 612,673 | - | - | - | - |
| | | 674 | - | - | - | - |
| | | | - | - | 231,279 | - |
| | | | - | - | - | - |
| | | | - | - | - | - |
| | | | - | - | - | - |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| \$ 281,926 | \$ 14,813 | \$ 791,464 | \$ - | \$ - | \$ 231,279 | \$ - |
| | | | | | | |
| \$ - | \$ - | \$ 8,263 | \$ - | \$ - | \$ 84,608 | \$ - |
| | | | | | | |
| - | - | - | - | - | 146,571 | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 5,483 | - | - | - | 100 | - |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| - | 5,483 | 8,263 | - | - | 231,279 | - |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 281,926 | - | 783,201 | - | - | - | - |
| | 9,330 | - | - | - | - | - |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 281,926 | 9,330 | 783,201 | - | - | - | - |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| \$ 281,926 | \$ 14,813 | \$ 791,464 | \$ - | \$ - | \$ 231,279 | \$ - |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Special Revenue Funds December 31, 2015

| | Safe Havens | Corrections Officers Training | Central Dispatch | Concealed Pistol Licensing |
|--|------------------|-------------------------------------|---------------------|----------------------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ - | \$ 45,080 | \$ - | \$ 12,235 |
| Investments | - | - | - | - |
| Receivables, net: | | | | |
| Accounts | - | 2,793 | 501,393 | - |
| Loans | - | - | - | - |
| Interest | - | - | - | - |
| Due from other governments | 48,965 | - | 58,965 | - |
| Due from other funds | - | - | - | - |
| Prepaid items | - | - | 456 | - |
| Total assets | \$ 48,965 | \$ 47,873 | \$ 560,814 | \$ 12,235 |
| Liabilities | | | | |
| Accounts payable | \$ 14,980 | \$ - | \$ 3,438 | \$ 2,978 |
| Accrued liabilities | - | - | 68,835 | - |
| Due to other funds | 33,985 | - | 488,085 | 387 |
| Due to other governments | - | - | - | - |
| Advance from other funds | - | - | - | - |
| Unearned revenues | - | - | - | - |
| Total liabilities | 48,965 | - | 560,358 | 3,365 |
| Fund balances | | | | |
| Nonspendable | - | - | 456 | - |
| Restricted | - | - | - | 8,870 |
| Committed | - | 47,873 | - | - |
| Total fund balances | - | 47,873 | 456 | 8,870 |
| Total liabilities and fund balances | \$ 48,965 | \$ 47,873 | \$ 560,814 | \$ 12,235 |

| CDBG | Total |
|------|-------|
|------|-------|

| | |
|---------------------|---------------------|
| \$ 163,007 | \$ 2,488,179 |
| - | 70,526 |
| - | 769,536 |
| 1,796,588 | 2,484,261 |
| - | 674 |
| 5,581 | 793,090 |
| - | 564,693 |
| - | 3,917 |
| <hr/> | <hr/> |
| <u>\$ 1,965,176</u> | <u>\$ 7,174,876</u> |

| | |
|------------|------------------|
| \$ - | \$ 236,723 |
| 556 | 247,892 |
| 118 | 784,317 |
| - | 125,262 |
| - | 371,874 |
| - | 5,583 |
| <hr/> | <hr/> |
| <u>674</u> | <u>1,771,651</u> |

| | |
|---------------------|---------------------|
| - | 3,917 |
| 1,964,502 | 3,410,925 |
| <hr/> | <hr/> |
| - | 1,988,383 |
| <hr/> | <hr/> |
| <u>1,964,502</u> | <u>5,403,225</u> |
| <hr/> | <hr/> |
| <u>\$ 1,965,176</u> | <u>\$ 7,174,876</u> |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2015

| | 13th Circuit Court | Local Crime Victims Rights | 86th District Court | County Special Projects |
|---|--------------------------|-------------------------------------|---------------------------|-------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | 16,300 | - | - | - |
| State sources | - | - | 1,954 | - |
| Local sources | 425,993 | 8,670 | 921,386 | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | 1,196 | - | 1,000 | - |
| Total revenues | 443,489 | 8,670 | 924,340 | - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 1,869,876 | 8,856 | 3,977,012 | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 1,869,876 | 8,856 | 3,977,012 | - |
| Revenues over (under) expenditures | (1,426,387) | (186) | (3,052,672) | - |
| Other financing sources (uses) | | | | |
| Transfers in | 1,443,882 | - | 3,052,672 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 1,443,882 | - | 3,052,672 | - |
| Net change in fund balances | 17,495 | (186) | - | - |
| Fund balances, beginning of year, as restated | 31,120 | 12,923 | 888 | 27,323 |
| Fund balances, end of year | \$ 48,615 | \$ 12,737 | \$ 888 | \$ 27,323 |

| Parks and Recreation | Maple Bay Development | Friend of the Court | Gypsy Moth Suppression Program | Veterans' Trust | Register of Deeds Automation | Corrections P.A. 511 |
|----------------------|-----------------------|---------------------|--------------------------------|-----------------|------------------------------|----------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 1,297,509 | - | - | - | - |
| - | - | 121,981 | - | 48,516 | - | 193,828 |
| 55,035 | - | 138,944 | - | 1,000 | - | 19,530 |
| 228,557 | - | 209,729 | - | - | 114,755 | 368,809 |
| 109,288 | 778 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 879 | - | - | - | - | - | 38,391 |
| 393,759 | 778 | 1,768,163 | - | 49,516 | 114,755 | 620,558 |
| <hr/> | | | | | | |
| - | - | 2,033,917 | - | - | - | - |
| - | - | - | - | - | 97,882 | - |
| - | - | - | - | - | - | 651,980 |
| - | - | - | - | 53,646 | - | - |
| - | - | - | - | - | - | - |
| 759,599 | - | - | - | - | - | - |
| 9,495 | - | - | - | - | - | - |
| 769,094 | - | 2,033,917 | - | 53,646 | 97,882 | 651,980 |
| (375,335) | 778 | (265,754) | - | (4,130) | 16,873 | (31,422) |
| <hr/> | | | | | | |
| 334,814 | - | 357,286 | - | - | - | 50,218 |
| - | - | - | - | - | - | - |
| 334,814 | - | 357,286 | - | - | - | 50,218 |
| (40,521) | 778 | 91,532 | - | (4,130) | 16,873 | 18,796 |
| 149,772 | 9,687 | 1,306,312 | 626 | 5,898 | 261,708 | 346,832 |
| \$ 109,251 | \$ 10,465 | \$ 1,397,844 | \$ 626 | \$ 1,768 | \$ 278,581 | \$ 365,628 |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2015

| | County Law Library | Federal Equitable Sharing | Criminal Justice Training Act | Mitchell Creek Watershed |
|---|-----------------------|---------------------------------|-------------------------------------|--------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | 12,766 | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | 25 | - | - |
| Other revenues | 6,500 | 1,839 | - | - |
| Total revenues | 6,500 | 1,864 | 12,766 | - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | 13,201 | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | - | - | 13,201 | - |
| Revenues over (under) expenditures | 6,500 | 1,864 | (435) | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | 6,500 | 1,864 | (435) | - |
| Fund balances, beginning of year, as restated | 9,710 | 6,297 | 21,250 | 8,155 |
| Fund balances, end of year | \$ 16,210 | \$ 8,161 | \$ 20,815 | \$ 8,155 |

| Housing Trust | Next Michigan | EDC | EPA Grant | Revenue Sharing Reserve | Child Care | Juvenile Accountability |
|------------------|----------------|------------------|--------------|-------------------------|-----------------|-------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | 81,393 | - | - | 2,477 |
| - | - | - | - | - | 600,196 | 275 |
| - | 14,517 | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 331 | - | 13,781 | - | - | - | - |
| - | - | 19,941 | - | - | 198,695 | - |
| <hr/> 331 | <hr/> 14,517 | <hr/> 33,722 | <hr/> 81,393 | <hr/> - | <hr/> 798,891 | <hr/> 2,752 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | 81,393 | - | 1,568,951 | 2,752 |
| - | 34,813 | 83,477 | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 34,813 | 83,477 | 81,393 | - | 1,568,951 | 2,752 |
| <hr/> 331 | <hr/> (20,296) | <hr/> (49,755) | <hr/> - | <hr/> - | <hr/> (770,060) | <hr/> - |
| 73,682 | 20,000 | - | - | - | 770,060 | - |
| - | - | (20,000) | - | (563,913) | - | - |
| <hr/> 73,682 | <hr/> 20,000 | <hr/> (20,000) | <hr/> - | <hr/> (563,913) | <hr/> 770,060 | <hr/> - |
| 74,013 | (296) | (69,755) | - | (563,913) | - | - |
| <hr/> 207,913 | <hr/> 9,626 | <hr/> 852,956 | <hr/> - | <hr/> 563,913 | <hr/> - | <hr/> - |
| <hr/> \$ 281,926 | <hr/> \$ 9,330 | <hr/> \$ 783,201 | <hr/> \$ - | <hr/> \$ - | <hr/> \$ - | <hr/> \$ - |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds For the Year Ended December 31, 2015

| | Safe Havens | Corrections Officers Training | Central Dispatch | Concealed Pistol Licensing |
|---|----------------|-------------------------------------|---------------------|----------------------------------|
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ 18,310 |
| Intergovernmental: | | | | |
| Federal sources | 170,017 | - | - | - |
| State sources | - | - | 257,457 | - |
| Local sources | - | - | 1,452,670 | - |
| Charges for services | - | 40,142 | - | - |
| Rental revenues | - | - | 4,800 | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | 6,750 | 8,118 | - |
| Total revenues | 170,017 | 46,892 | 1,723,045 | 18,310 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | 33,557 | 1,890,775 | 1,161 |
| Health and welfare | 170,017 | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | 7,300 | 8,279 |
| Total expenditures | 170,017 | 33,557 | 1,898,075 | 9,440 |
| Revenues over (under) expenditures | - | 13,335 | (175,030) | 8,870 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 175,486 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | 175,486 | - |
| Net change in fund balances | - | 13,335 | 456 | 8,870 |
| Fund balances, beginning of year, as restated | - | 34,538 | - | - |
| Fund balances, end of year | \$ - | \$ 47,873 | \$ 456 | \$ 8,870 |

CDBG Total

| | | | |
|----------------|---|----------------|--------|
| \$ | - | \$ | 18,310 |
| 119,850 | | 1,687,546 | |
| - | | 1,236,973 | |
| - | | 3,037,745 | |
| - | | 961,992 | |
| - | | 114,866 | |
| - | | 14,137 | |
| <u>136,903</u> | | <u>420,212</u> | |
| 256,753 | | 7,491,781 | |

| | |
|---------|------------|
| | 7,889,661 |
| - | 97,882 |
| - | 2,590,674 |
| 184,083 | 2,060,842 |
| - | 118,290 |
| - | 759,599 |
| - | 25,074 |
| <hr/> | <hr/> |
| 184,083 | 13,542,022 |

| | |
|--------------|--------------|
| - | 6,278,100 |
| - | (583,913) |
| <hr/> | <hr/> |
| - | 5,694,187 |
| <hr/> | <hr/> |
| 72,670 | (356,054) |
| <hr/> | <hr/> |
| 1,891,832 | 5,759,279 |
| <hr/> | <hr/> |
| \$ 1,964,502 | \$ 5,403,225 |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | 13th Circuit Court | | | |
|---|--------------------|------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | 16,300 | 16,300 |
| State sources | - | - | - | - |
| Local sources | 421,833 | 427,833 | 425,993 | (1,840) |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | 1,196 | 1,196 |
| Total revenues | 421,833 | 427,833 | 443,489 | 15,656 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 1,869,545 | 1,905,545 | 1,869,876 | (35,669) |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 1,869,545 | 1,905,545 | 1,869,876 | (35,669) |
| Revenues over (under) expenditures | (1,447,712) | (1,477,712) | (1,426,387) | 51,325 |
| Other financing sources (uses) | | | | |
| Transfers in | 1,447,712 | 1,447,712 | 1,443,882 | (3,830) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 1,447,712 | 1,447,712 | 1,443,882 | (3,830) |
| Net change in fund balances | - | (30,000) | 17,495 | 47,495 |
| Fund balances, beginning of year | 31,120 | 31,120 | 31,120 | - |
| Fund balances, end of year | \$ 31,120 | \$ 1,120 | \$ 48,615 | \$ 47,495 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Local Crime Victims Rights | | | |
|---|----------------------------|-----------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | 10,000 | 10,000 | 8,670 | (1,330) |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 10,000 | 10,000 | 8,670 | (1,330) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 15,000 | 15,000 | 8,856 | (6,144) |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 15,000 | 15,000 | 8,856 | (6,144) |
| Revenues over (under) expenditures | (5,000) | (5,000) | (186) | 4,814 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (5,000) | (5,000) | (186) | 4,814 |
| Fund balances, beginning of year | 12,923 | 12,923 | 12,923 | - |
| Fund balances, end of year | \$ 7,923 | \$ 7,923 | \$ 12,737 | \$ 4,814 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | 86th District Court | | | |
|---|---------------------|------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | 31,516 | 41,516 | 1,954 | (39,562) |
| Local sources | 1,075,307 | 1,075,307 | 921,386 | (153,921) |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | 1,000 | 1,000 |
| Total revenues | 1,106,823 | 1,116,823 | 924,340 | (192,483) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 4,119,499 | 4,130,099 | 3,977,012 | (153,087) |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | 2,100 | 1,500 | - | (1,500) |
| Total expenditures | 4,121,599 | 4,131,599 | 3,977,012 | (154,587) |
| Revenues over (under) expenditures | (3,014,776) | (3,014,776) | (3,052,672) | (37,896) |
| Other financing sources (uses) | | | | |
| Transfers in | 3,014,776 | 3,014,776 | 3,052,672 | 37,896 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 3,014,776 | 3,014,776 | 3,052,672 | 37,896 |
| Net change in fund balances | - | - | - | - |
| Fund balances, beginning of year | 888 | 888 | 888 | - |
| Fund balances, end of year | \$ 888 | \$ 888 | \$ 888 | \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | County Special Projects | | | |
|---|-------------------------|----------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | 27,322 | 27,322 | - | (27,322) |
| Total expenditures | 27,322 | 27,322 | - | (27,322) |
| Revenues over (under) expenditures | (27,322) | (27,322) | - | 27,322 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (27,322) | (27,322) | - | 27,322 |
| Fund balances, beginning of year | 27,323 | 27,323 | 27,323 | - |
| Fund balances, end of year | \$ 1 | \$ 1 | \$ 27,323 | \$ 27,322 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Parks and Recreation | | | |
|---|----------------------|----------------|----------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | 14,324 | 55,035 | 40,711 |
| Charges for services | 326,575 | 326,575 | 228,557 | (98,018) |
| Rental revenues | 111,200 | 111,200 | 109,288 | (1,912) |
| Interest revenues | - | - | - | - |
| Other revenues | 2,150 | 2,150 | 879 | (1,271) |
| Total revenues | 439,925 | 454,249 | 393,759 | (60,490) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | 774,739 | 835,011 | 759,599 | (75,412) |
| Capital outlay | - | 9,747 | 9,495 | (252) |
| Total expenditures | 774,739 | 844,758 | 769,094 | (75,664) |
| Revenues over (under) expenditures | (334,814) | (390,509) | (375,335) | 15,174 |
| Other financing sources (uses) | | | | |
| Transfers in | 334,814 | 334,814 | 334,814 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 334,814 | 334,814 | 334,814 | - |
| Net change in fund balances | - | (55,695) | (40,521) | 15,174 |
| Fund balances, beginning of year | 149,772 | 149,772 | 149,772 | - |
| Fund balances, end of year | \$ 149,772 | \$ 94,077 | \$ 109,251 | \$ 15,174 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Maple Bay Development | | | |
|---|-----------------------|----------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | 778 | 778 |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | 778 | 778 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | 9,686 | 9,686 | - | (9,686) |
| Capital outlay | - | - | - | - |
| Total expenditures | 9,686 | 9,686 | - | (9,686) |
| Revenues over (under) expenditures | (9,686) | (9,686) | 778 | 10,464 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (9,686) | (9,686) | 778 | 10,464 |
| Fund balances, beginning of year | 9,687 | 9,687 | 9,687 | - |
| Fund balances, end of year | \$ 1 | \$ 1 | \$ 10,465 | \$ 10,464 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Friend of the Court | | | |
|---|---------------------|---------------------|---------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | 1,291,000 | 1,291,000 | 1,297,509 | 6,509 |
| State sources | 101,000 | 101,400 | 121,981 | 20,581 |
| Local sources | 138,944 | 138,944 | 138,944 | - |
| Charges for services | 159,290 | 164,090 | 209,729 | 45,639 |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 1,690,234 | 1,695,434 | 1,768,163 | 72,729 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 2,099,144 | 2,104,344 | 2,033,917 | (70,427) |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 2,099,144 | 2,104,344 | 2,033,917 | (70,427) |
| Revenues over (under) expenditures | (408,910) | (408,910) | (265,754) | 143,156 |
| Other financing sources (uses) | | | | |
| Transfers in | 370,910 | 370,910 | 357,286 | (13,624) |
| Transfers out | (12,000) | (12,000) | - | (12,000) |
| Total other financing sources (uses) | 358,910 | 358,910 | 357,286 | (1,624) |
| Net change in fund balances | (50,000) | (50,000) | 91,532 | 141,532 |
| Fund balances, beginning of year | 1,306,312 | 1,306,312 | 1,306,312 | - |
| Fund balances, end of year | \$ 1,256,312 | \$ 1,256,312 | \$ 1,397,844 | \$ 141,532 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| Gypsy Moth Suppression Program | | | | | |
|---|--------------------|-------------------|--------------|--|------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - | - |
| Intergovernmental: | | | | | |
| Federal sources | - - | - - | - - | - - | - |
| State sources | - - | - - | - - | - - | - |
| Local sources | - - | - - | - - | - - | - |
| Charges for services | - - | - - | - - | - - | - |
| Rental revenues | - - | - - | - - | - - | - |
| Interest revenues | - - | - - | - - | - - | - |
| Other revenues | - - | - - | - - | - - | - |
| Total revenues | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - |
| Expenditures | | | | | |
| Current: | | | | | |
| Judicial | - - | - - | - - | - - | - |
| General government | - - | - - | - - | - - | - |
| Public safety | - - | - - | - - | - - | - |
| Health and welfare | - - | - - | - - | - - | - |
| Economic development | - - | - - | - - | - - | - |
| Recreation and cultural | - - | - - | - - | - - | - |
| Capital outlay | - - | - - | - - | - - | - |
| Total expenditures | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - |
| Revenues over (under) expenditures | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - |
| Other financing sources (uses) | | | | | |
| Transfers in | - - | - - | - - | - - | - |
| Transfers out | - - | - - | - - | - - | - |
| Total other financing sources (uses) | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - |
| Net change in fund balances | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - - | <hr/> - |
| Fund balances, beginning of year | <hr/> 626 | <hr/> 626 | <hr/> 626 | <hr/> 626 | <hr/> - |
| Fund balances, end of year | <hr/> \$ 626 | <hr/> \$ 626 | <hr/> \$ 626 | <hr/> \$ 626 | <hr/> \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Veterans' Trust | | | |
|---|-----------------|----------------|---------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | 58,000 | 58,000 | 48,516 | (9,484) |
| Local sources | 1,000 | 1,000 | 1,000 | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 59,000 | 59,000 | 49,516 | (9,484) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 60,075 | 60,075 | 53,646 | (6,429) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 60,075 | 60,075 | 53,646 | (6,429) |
| Revenues over (under) expenditures | (1,075) | (1,075) | (4,130) | (3,055) |
| Other financing sources (uses) | | | | |
| Transfers in | 1,075 | 1,075 | - | (1,075) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 1,075 | 1,075 | - | (1,075) |
| Net change in fund balances | - | - | (4,130) | (4,130) |
| Fund balances, beginning of year | 5,898 | 5,898 | 5,898 | - |
| Fund balances, end of year | \$ 5,898 | \$ 5,898 | \$ 1,768 | \$ (4,130) |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Register of Deeds Automation | | | |
|---|------------------------------|-------------------|-------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | 114,755 | 114,755 |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | 114,755 | 114,755 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | 115,000 | 115,000 | 97,882 | (17,118) |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 115,000 | 115,000 | 97,882 | (17,118) |
| Revenues over (under) expenditures | (115,000) | (115,000) | 16,873 | 131,873 |
| Other financing sources (uses) | | | | |
| Transfers in | 115,000 | 115,000 | - | (115,000) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 115,000 | 115,000 | - | (115,000) |
| Net change in fund balances | - | - | 16,873 | 16,873 |
| Fund balances, beginning of year | 261,708 | 261,708 | 261,708 | - |
| Fund balances, end of year | \$ 261,708 | \$ 261,708 | \$ 278,581 | \$ 16,873 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Corrections P.A. 511 | | | |
|---|----------------------|-------------------|-------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | 188,915 | 188,915 | 193,828 | 4,913 |
| Local sources | 19,530 | 19,530 | 19,530 | - |
| Charges for services | 163,514 | 308,514 | 368,809 | 60,295 |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | 38,000 | 39,250 | 38,391 | (859) |
| Total revenues | 409,959 | 556,209 | 620,558 | 64,349 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | 488,784 | 635,034 | 651,980 | 16,946 |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 488,784 | 635,034 | 651,980 | 16,946 |
| Revenues over (under) expenditures | (78,825) | (78,825) | (31,422) | 47,403 |
| Other financing sources (uses) | | | | |
| Transfers in | 50,218 | 50,218 | 50,218 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 50,218 | 50,218 | 50,218 | - |
| Net change in fund balances | (28,607) | (28,607) | 18,796 | 47,403 |
| Fund balances, beginning of year | 346,832 | 346,832 | 346,832 | - |
| Fund balances, end of year | \$ 318,225 | \$ 318,225 | \$ 365,628 | \$ 47,403 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | County Law Library | | | |
|---|--------------------|-----------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | 6,500 | 6,500 | 6,500 | - |
| Total revenues | 6,500 | 6,500 | 6,500 | - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | 6,500 | 6,500 | - | (6,500) |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 6,500 | 6,500 | - | (6,500) |
| Revenues over (under) expenditures | - | - | 6,500 | 6,500 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | 6,500 | 6,500 |
| Fund balances, beginning of year | 9,710 | 9,710 | 9,710 | - |
| Fund balances, end of year | \$ 9,710 | \$ 9,710 | \$ 16,210 | \$ 6,500 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Federal Equitable Sharing | | | |
|---|---------------------------|----------------|-----------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | 25 | 25 |
| Other revenues | - | - | 1,839 | 1,839 |
| Total revenues | - | - | 1,864 | 1,864 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | 5,906 | 5,906 | - | (5,906) |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 5,906 | 5,906 | - | (5,906) |
| Revenues over (under) expenditures | (5,906) | (5,906) | 1,864 | 7,770 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (5,906) | (5,906) | 1,864 | 7,770 |
| Fund balances, beginning of year | 6,297 | 6,297 | 6,297 | - |
| Fund balances, end of year | \$ 391 | \$ 391 | \$ 8,161 | \$ 7,770 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Criminal Justice Training Act | | | |
|---|-------------------------------|------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | 12,000 | 12,000 | 12,766 | 766 |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 12,000 | 12,000 | 12,766 | 766 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | 20,000 | 20,000 | 13,201 | (6,799) |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 20,000 | 20,000 | 13,201 | (6,799) |
| Revenues over (under) expenditures | (8,000) | (8,000) | (435) | 7,565 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (8,000) | (8,000) | (435) | 7,565 |
| Fund balances, beginning of year | 21,250 | 21,250 | 21,250 | - |
| Fund balances, end of year | \$ 13,250 | \$ 13,250 | \$ 20,815 | \$ 7,565 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Mitchell Creek Watershed | | | |
|---|--------------------------|----------------|-----------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 8,155 | 8,155 | - | (8,155) |
| Revenues over (under) expenditures | (8,155) | (8,155) | - | 8,155 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (8,155) | (8,155) | - | 8,155 |
| Fund balances, beginning of year | 8,155 | 8,155 | 8,155 | - |
| Fund balances, end of year | \$ - | \$ - | \$ 8,155 | \$ 8,155 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Housing Trust | | | |
|---|-------------------|-------------------|-------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | 331 | 331 |
| Other revenues | - | - | - | - |
| Total revenues | - | - | 331 | 331 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 91,000 | 91,000 | - | (91,000) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 91,000 | 91,000 | - | (91,000) |
| Revenues over (under) expenditures | (91,000) | (91,000) | 331 | 91,331 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | 73,682 | 73,682 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | 73,682 | 73,682 |
| Net change in fund balances | (91,000) | (91,000) | 74,013 | 165,013 |
| Fund balances, beginning of year, as restated | 207,913 | 207,913 | 207,913 | - |
| Fund balances, end of year | \$ 116,913 | \$ 116,913 | \$ 281,926 | \$ 165,013 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Next Michigan | | | |
|---|-----------------|----------------|---------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | 20,000 | 14,517 | (5,483) |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | 20,000 | 14,517 | (5,483) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | 11,000 | 51,000 | 34,813 | (16,187) |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 11,000 | 51,000 | 34,813 | (16,187) |
| Revenues over (under) expenditures | (11,000) | (31,000) | (20,296) | 10,704 |
| Other financing sources (uses) | | | | |
| Transfers in | - | 20,000 | 20,000 | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | 20,000 | 20,000 | - |
| Net change in fund balances | (11,000) | (11,000) | (296) | 10,704 |
| Fund balances, beginning of year | 9,626 | 9,626 | 9,626 | - |
| Fund balances, end of year | \$ (1,374) | \$ (1,374) | \$ 9,330 | \$ 10,704 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | EDC | | | |
|---|-------------------|-------------------|-------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | 20,000 | 20,000 | 13,781 | (6,219) |
| Other revenues | 20,000 | 20,000 | 19,941 | (59) |
| Total revenues | 40,000 | 40,000 | 33,722 | (6,278) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | 40,000 | 70,000 | 83,477 | 13,477 |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 40,000 | 70,000 | 83,477 | 13,477 |
| Revenues over (under) expenditures | - | (30,000) | (49,755) | (19,755) |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | (20,000) | (20,000) | - |
| Total other financing sources (uses) | - | (20,000) | (20,000) | - |
| Net change in fund balances | - | (50,000) | (69,755) | (19,755) |
| Fund balances, beginning of year, as restated | 852,956 | 852,956 | 852,956 | - |
| Fund balances, end of year | \$ 852,956 | \$ 802,956 | \$ 783,201 | \$ (19,755) |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | EPA Grant | | | |
|---|-----------------|----------------|---------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | 25,000 | 81,394 | 81,393 | (1) |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 25,000 | 81,394 | 81,393 | (1) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 25,000 | 81,394 | 81,393 | (1) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 25,000 | 81,394 | 81,393 | (1) |
| Revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Revenue Sharing Reserve | | | |
|---|-------------------------|-------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | - | - | - |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | - | - | - | - |
| Revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | (563,913) | (232,379) | (563,913) | 331,534 |
| Total other financing sources (uses) | (563,913) | (232,379) | (563,913) | 331,534 |
| Net change in fund balances | (563,913) | (232,379) | (563,913) | 331,534 |
| Fund balances, beginning of year | 563,913 | 563,913 | 563,913 | - |
| Fund balances, end of year | \$ - | \$ 331,534 | \$ - | \$ (331,534) |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Child Care | | | |
|---|------------------|------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | 833,699 | 833,699 | 600,196 | (233,503) |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | 134,000 | 134,000 | 198,695 | 64,695 |
| Total revenues | 967,699 | 967,699 | 798,891 | (168,808) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 1,942,699 | 1,942,699 | 1,568,951 | (373,748) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 1,942,699 | 1,942,699 | 1,568,951 | (373,748) |
| Revenues over (under) expenditures | (975,000) | (975,000) | (770,060) | 204,940 |
| Other financing sources (uses) | | | | |
| Transfers in | 975,000 | 975,000 | 770,060 | (204,940) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 975,000 | 975,000 | 770,060 | (204,940) |
| Net change in fund balances | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Juvenile Accountability | | | |
|---|-------------------------|----------------|--------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | 7,602 | 7,602 | 2,477 | (5,125) |
| State sources | 845 | 845 | 275 | (570) |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 8,447 | 8,447 | 2,752 | (5,695) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 8,447 | 8,447 | 2,752 | (5,695) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 8,447 | 8,447 | 2,752 | (5,695) |
| Revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Safe Havens | | | |
|---|-----------------|----------------|----------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | 325,000 | 325,000 | 170,017 | (154,983) |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | 325,000 | 325,000 | 170,017 | (154,983) |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 325,000 | 325,000 | 170,017 | (154,983) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 325,000 | 325,000 | 170,017 | (154,983) |
| Revenues over (under) expenditures | - | - | - | - |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Corrections Officers Training | | | |
|---|-------------------------------|------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | 38,000 | 38,000 | 40,142 | 2,142 |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | 7,500 | 7,500 | 6,750 | (750) |
| Total revenues | 45,500 | 45,500 | 46,892 | 1,392 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | 65,500 | 65,500 | 33,557 | (31,943) |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 65,500 | 65,500 | 33,557 | (31,943) |
| Revenues over (under) expenditures | (20,000) | (20,000) | 13,335 | 33,335 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (20,000) | (20,000) | 13,335 | 33,335 |
| Fund balances, beginning of year | 34,538 | 34,538 | 34,538 | - |
| Fund balances, end of year | \$ 14,538 | \$ 14,538 | \$ 47,873 | \$ 33,335 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Central Dispatch | | | |
|---|------------------|------------------|------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | 260,000 | 260,000 | 257,457 | (2,543) |
| Local sources | 1,445,469 | 1,445,469 | 1,452,670 | 7,201 |
| Charges for services | - | - | - | - |
| Rental revenues | - | 1,935 | 4,800 | 2,865 |
| Interest revenues | - | - | - | - |
| Other revenues | - | 6,365 | 8,118 | 1,753 |
| Total revenues | 1,705,469 | 1,713,769 | 1,723,045 | 9,276 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | 1,949,064 | 1,950,064 | 1,890,775 | (59,289) |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | 7,300 | 7,300 | - |
| Total expenditures | 1,949,064 | 1,957,364 | 1,898,075 | (59,289) |
| Revenues over (under) expenditures | (243,595) | (243,595) | (175,030) | 68,565 |
| Other financing sources (uses) | | | | |
| Transfers in | 243,595 | 243,595 | 175,486 | (68,109) |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 243,595 | 243,595 | 175,486 | (68,109) |
| Net change in fund balances | - | - | 456 | 456 |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ 456 | \$ 456 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | Concealed Pistol Licensing | | | |
|---|----------------------------|----------------|-----------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ 10,500 | \$ 18,310 | \$ 7,810 |
| Intergovernmental: | | | | |
| Federal sources | - | - | - | - |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | - | - | - | - |
| Total revenues | - | 10,500 | 18,310 | 7,810 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | 2,000 | 1,161 | (839) |
| Health and welfare | - | - | - | - |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | 8,500 | 8,279 | (221) |
| Total expenditures | - | 10,500 | 9,440 | (1,060) |
| Revenues over (under) expenditures | - | - | 8,870 | 8,870 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | - | - | 8,870 | 8,870 |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ 8,870 | \$ 8,870 |

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Revenues, Expenditures and Change in Fund Balances - Budget and Actual For the Year Ended December 31, 2015

| | CDBG | | | |
|---|---------------------|---------------------|---------------------|----------------------------------|
| | Original Budget | Amended Budget | Actual | Actual Over (Under) Final Budget |
| Revenues | | | | |
| Licenses and permits | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental: | | | | |
| Federal sources | 158,015 | 204,943 | 119,850 | (85,093) |
| State sources | - | - | - | - |
| Local sources | - | - | - | - |
| Charges for services | - | - | - | - |
| Rental revenues | - | - | - | - |
| Interest revenues | - | - | - | - |
| Other revenues | 6,600 | 6,600 | 136,903 | 130,303 |
| Total revenues | 164,615 | 211,543 | 256,753 | 45,210 |
| Expenditures | | | | |
| Current: | | | | |
| Judicial | - | - | - | - |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Health and welfare | 186,548 | 233,476 | 184,083 | (49,393) |
| Economic development | - | - | - | - |
| Recreation and cultural | - | - | - | - |
| Capital outlay | - | - | - | - |
| Total expenditures | 186,548 | 233,476 | 184,083 | (49,393) |
| Revenues over (under) expenditures | (21,933) | (21,933) | 72,670 | 94,603 |
| Other financing sources (uses) | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | (21,933) | (21,933) | 72,670 | 94,603 |
| Fund balances, beginning of year, as restated | 1,891,832 | 1,891,832 | 1,891,832 | - |
| Fund balances, end of year | \$ 1,869,899 | \$ 1,869,899 | \$ 1,964,502 | \$ 94,603 |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds
December 31, 2015

| | Building Authority LaFranier DPW | Woodmere | Courthouse | Health Services | Total |
|---|---|-------------|-------------|--------------------|--------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ - | \$ - | \$ - | \$ - | \$ - |
| Liabilities | | | | | |
| Advance from other funds | \$ 1,130,000 | \$ 690,000 | \$ - | \$ - | \$ 1,820,000 |
| Fund balance | | | | | |
| Unassigned (deficit) | (1,130,000) | (690,000) | - | - | (1,820,000) |
| Total liabilities and fund balance | \$ - | \$ - | \$ - | \$ - | \$ - |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Debt Service Funds For the Year Ended December 31, 2015

| | Building Authority LaFranier DPW | Woodmere | Courthouse | Health Services | Total |
|---|---|---------------------|-------------|--------------------|-----------------------|
| Expenditures | | | | | |
| Debt service: | | | | | |
| Principal | \$ - | \$ - | \$ 425,000 | \$ 145,000 | \$ 570,000 |
| Interest and fiscal charges | - | - | 144,850 | 146,406 | 291,256 |
| Total expenditures | | - | 569,850 | 291,406 | 861,256 |
| Other financing sources | | | | | |
| Transfers in | 190,000 | 225,000 | 569,850 | 291,406 | 1,276,256 |
| Net change in fund balances | 190,000 | 225,000 | - | - | 415,000 |
| Fund balances (deficit), beginning of year | (1,320,000) | (915,000) | - | - | (2,235,000) |
| Fund balances (deficit), end of year | <u>\$ (1,130,000)</u> | <u>\$ (690,000)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (1,820,000)</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Balance Sheet Nonmajor Capital Projects Funds December 31, 2015

| | County Facilities | Capital Improvement | Health Services | Total |
|--|----------------------|------------------------|--------------------|---------------------|
| Assets | | | | |
| Cash and cash equivalents | \$ 658,916 | \$ 522,052 | \$ - | \$ 1,180,968 |
| Receivables, net: | | | | |
| Accounts | 45,712 | - | - | 45,712 |
| Due from other funds | 4,676 | - | - | 4,676 |
| Prepaid items | - | 4,451 | - | 4,451 |
| Total assets | \$ 709,304 | \$ 526,503 | \$ - | \$ 1,235,807 |
| Liabilities | | | | |
| Accounts payable | \$ 97,946 | \$ - | \$ - | \$ 97,946 |
| Fund balances | | | | |
| Nonspendable | - | 4,451 | - | 4,451 |
| Committed | 611,358 | 522,052 | - | 1,133,410 |
| Total fund balances | 611,358 | 526,503 | - | 1,137,861 |
| Total liabilities and fund balances | \$ 709,304 | \$ 526,503 | \$ - | \$ 1,235,807 |

GRAND TRAVERSE COUNTY, MICHIGAN

**Combining Statement of Revenues, Expenditures
and Changes in Fund Balances - Nonmajor Capital Projects Funds
For the Year Ended December 31, 2015**

| | County Facilities | Capital Improvement | Health Services | Total |
|----------------------------------|----------------------|------------------------|--------------------|---------------------|
| Revenues | | | | |
| Intergovernmental: | | | | |
| Local sources | \$ 44,702 | \$ - | \$ - | \$ 44,702 |
| Other | 107,093 | 253 | - | 107,346 |
| Total revenues | <u>151,795</u> | <u>253</u> | <u>-</u> | <u>152,048</u> |
| Expenditures | | | | |
| Current: | | | | |
| General government | 1,732,367 | 27,733 | 1,163 | 1,761,263 |
| Capital outlay | 9,157 | 233,282 | - | 242,439 |
| Total expenditures | <u>1,741,524</u> | <u>261,015</u> | <u>1,163</u> | <u>2,003,702</u> |
| Revenues under expenditures | (1,589,729) | (260,762) | (1,163) | (1,851,654) |
| Other financing sources | | | | |
| Transfers in | <u>1,770,174</u> | <u>599,800</u> | <u>-</u> | <u>2,369,974</u> |
| Net change in fund balances | 180,445 | 339,038 | (1,163) | 518,320 |
| Fund balances, beginning of year | <u>430,913</u> | <u>187,465</u> | <u>1,163</u> | <u>619,541</u> |
| Fund balances, end of year | <u>\$ 611,358</u> | <u>\$ 526,503</u> | <u>\$ -</u> | <u>\$ 1,137,861</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Nonmajor Enterprise Funds

Foreclosure Tax Collection Fund - This fund was established to account for the collection of tax revenue on foreclosed properties.

Inspections Fund - This fund was established to account for revenue received by the individual construction code trades through permit fees and charges for service and track the corresponding expenditures by trade.

Solid Waste Fund - This fund was established to account for revenue received from fees for landfill tipping, tub grinder fees, service fees and state grants for hazardous waste and pesticide management to provide corresponding services to the community.

Homestead Fund - This fund is used to account for interest earned on delinquent tax revenues from properties determined not eligible for homestead exemptions. Collected tax payments are remitted to local school districts.

Building Authority Fund - This fund was established to account for the operation of public facilities by the Building Authority board.

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds
December 31, 2015

| | Foreclosure Tax Collection | Inspections | Solid Waste |
|---|-------------------------------|--------------|----------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 786,061 | \$ 1,741,588 | \$ 388,493 |
| Receivables, net: | | | |
| Accounts | - | - | 63,862 |
| Taxes | - | - | - |
| Due from other governments | - | - | 9,400 |
| Due from other funds | - | - | 1,265 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | 786,061 | 1,741,588 | 463,020 |
| Deferred outflows of resources | | | |
| Deferred pension amounts | | 56,227 | 15,313 |
| | <hr/> | <hr/> | <hr/> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 5,305 | 4,559 | 1,864 |
| Accrued liabilities | 1,473 | 31,797 | 10,456 |
| Due to other funds | 47,929 | 1,713 | 298 |
| Due to other governments | - | - | - |
| Current portion of compensated absences | - | 1,484 | - |
| Total current liabilities | 54,707 | 39,553 | 12,618 |
| | <hr/> | <hr/> | <hr/> |
| Noncurrent liabilities: | | | |
| Compensated absences | - | 36,658 | - |
| Net pension liability | - | 906,522 | 246,888 |
| Total noncurrent liabilities | - | 943,180 | 246,888 |
| | <hr/> | <hr/> | <hr/> |
| Total liabilities | 54,707 | 982,733 | 259,506 |
| Net position | | | |
| Unrestricted | \$ 731,354 | \$ 815,082 | \$ 218,827 |

| Homestead | Building Authority | Total |
|-----------|--------------------|-------|
|-----------|--------------------|-------|

| | | |
|------------|-------|--------------|
| \$ 109,693 | \$ 40 | \$ 3,025,875 |
|------------|-------|--------------|

| | | |
|---------|---|---------|
| - | - | 63,862 |
| 238,165 | - | 238,165 |
| - | - | 9,400 |
| - | - | 1,265 |

| | | |
|----------------|-----------|------------------|
| <u>347,858</u> | <u>40</u> | <u>3,338,567</u> |
|----------------|-----------|------------------|

| | | |
|----------|----------|---------------|
| <u>-</u> | <u>-</u> | <u>71,540</u> |
|----------|----------|---------------|

| | | |
|---------|---|---------|
| - | - | 11,728 |
| 1,443 | - | 45,169 |
| - | - | 49,940 |
| 260,557 | - | 260,557 |
| - | - | 1,484 |

| | | |
|----------------|----------|----------------|
| <u>262,000</u> | <u>-</u> | <u>368,878</u> |
|----------------|----------|----------------|

| | | |
|---|---|-----------|
| - | - | 36,658 |
| - | - | 1,153,410 |
| - | - | 1,190,068 |

| | | |
|----------------|----------|------------------|
| <u>262,000</u> | <u>-</u> | <u>1,558,946</u> |
|----------------|----------|------------------|

| | | |
|------------------|--------------|---------------------|
| <u>\$ 85,858</u> | <u>\$ 40</u> | <u>\$ 1,851,161</u> |
|------------------|--------------|---------------------|

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Nonmajor Enterprise Funds For the Year Ended December 31, 2015

| | Foreclosure Tax Collection | Inspections | Solid Waste |
|--|-------------------------------|-----------------------|-----------------------|
| Operating revenues | | | |
| Charges for services | \$ 154,694 | \$ 1,685,449 | \$ 296,397 |
| Other revenues | <u>146,494</u> | <u>-</u> | <u>3,775</u> |
| Total operating revenues | <u>301,188</u> | <u>1,685,449</u> | <u>300,172</u> |
| Operating expenses | | | |
| Personnel services | 28,809 | 845,734 | 187,218 |
| Supplies | 4,012 | 22,096 | 6,773 |
| Contractual services | 44,400 | 220,714 | 174,664 |
| Other operating expenses | <u>14,051</u> | <u>98,877</u> | <u>12,900</u> |
| Total operating expenses | <u>91,272</u> | <u>1,187,421</u> | <u>381,555</u> |
| Operating income (loss) | <u>209,916</u> | <u>498,028</u> | <u>(81,383)</u> |
| Nonoperating revenues | | | |
| State sources | - | - | 33,005 |
| Interest revenues | <u>381</u> | <u>-</u> | <u>-</u> |
| Total nonoperating revenues | <u>381</u> | <u>-</u> | <u>33,005</u> |
| Income (loss) before transfers | 210,297 | 498,028 | (48,378) |
| Transfers out | (180,144) | - | - |
| Change in net position | 30,153 | 498,028 | (48,378) |
| Net position, beginning of year, as restated | <u>701,201</u> | <u>317,054</u> | <u>267,205</u> |
| Net position, end of year | <u>\$ 731,354</u> | <u>\$ 815,082</u> | <u>\$ 218,827</u> |

| Homestead | Building Authority | Total |
|------------------|--------------------|---------------------|
| \$ - | \$ - | \$ 2,136,540 |
| <u>34,453</u> | <u>-</u> | <u>184,722</u> |
| <u>34,453</u> | <u>-</u> | <u>2,321,262</u> |
| 31,675 | - | 1,093,436 |
| - | - | 32,881 |
| - | - | 439,778 |
| - | - | 125,828 |
| <u>31,675</u> | <u>-</u> | <u>1,691,923</u> |
| <u>2,778</u> | <u>-</u> | <u>629,339</u> |
| - | - | 33,005 |
| <u>32</u> | <u>-</u> | <u>413</u> |
| <u>32</u> | <u>-</u> | <u>33,418</u> |
| 2,810 | - | 662,757 |
| - | - | (180,144) |
| 2,810 | - | 482,613 |
| <u>83,048</u> | <u>40</u> | <u>1,368,548</u> |
| <u>\$ 85,858</u> | <u>\$ 40</u> | <u>\$ 1,851,161</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2015

| | Foreclosure Tax Collection | Inspections | Solid Waste |
|---|-------------------------------|------------------|----------------|
| Cash flows from operating activities | | | |
| Receipts from services | \$ 301,188 | \$ 1,685,449 | \$ 296,847 |
| Cash payments to suppliers for goods and services | (64,842) | (351,607) | (195,280) |
| Cash payments to employees for services | (28,599) | (837,432) | (180,724) |
| Net cash provided by (used in) operating activities | 207,747 | 496,410 | (79,157) |
| Cash flows from noncapital financing activities | | | |
| Transfers to other funds | (180,144) | - | - |
| Cash received from state sources | - | - | 33,005 |
| Net cash provided by (used in) noncapital financing activities | (180,144) | - | 33,005 |
| Cash flows from investing activities | | | |
| Interest received | 381 | - | - |
| Net change in cash and cash equivalents | 27,984 | 496,410 | (46,152) |
| Cash and cash equivalents, beginning of year | 758,077 | 1,245,178 | 434,645 |
| Cash and cash equivalents, end of year | \$ 786,061 | \$ 1,741,588 | \$ 388,493 |

| Homestead | Building Authority | Total |
|-------------------|--------------------|---------------------|
| \$ (72,682) | \$ - | \$ 2,210,802 |
| (38,197) | - | (649,926) |
| <u>-</u> | <u>-</u> | <u>(1,046,755)</u> |
| <u>(110,879)</u> | <u>-</u> | <u>514,121</u> |
| | | |
| - | - | (180,144) |
| <u>-</u> | <u>-</u> | <u>33,005</u> |
| | | |
| - | - | (147,139) |
| | | |
| <u>32</u> | <u>-</u> | <u>413</u> |
| | | |
| (110,847) | - | 367,395 |
| | | |
| <u>220,540</u> | <u>40</u> | <u>2,658,480</u> |
| | | |
| <u>\$ 109,693</u> | <u>\$ 40</u> | <u>\$ 3,025,875</u> |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Year Ended December 31, 2015

| | Foreclosure Tax Collection | Inspections | Solid Waste |
|---|-------------------------------|----------------|-----------------|
| Cash flows from operating activities | | | |
| Operating income (loss) | \$ 209,916 | \$ 498,028 | \$ (81,383) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Changes in: | | | |
| Accounts receivable | - | - | 6,075 |
| Taxes receivable | - | - | - |
| Due from other governments | - | - | (9,400) |
| Due from other funds | - | - | 125 |
| Prepaid items and other assets | 125 | 75 | - |
| Accounts payable | (427) | (10,055) | (1,043) |
| Accrued liabilities | 210 | 2,933 | 10,456 |
| Due to other funds | (2,077) | 60 | (25) |
| Due to other governments | - | - | - |
| Compensated absences | - | (4,909) | (6,761) |
| Net pension liability and related deferred amount | - | 10,278 | 2,799 |
| Net cash provided by (used in) operating activities | \$ 207,747 | \$ 496,410 | \$ (79,157) |

REVENUE RECEIVED

| Homestead | Building Authority | Total |
|---------------------------|--------------------|-------------------------|
| \$ 2,778 | \$ - | \$ 629,339 |
| - | - | 6,075 |
| (107,135) | - | (107,135) |
| - | - | (9,400) |
| - | - | 125 |
| - | - | 200 |
| - | - | (11,525) |
| 209 | - | 13,808 |
| - | - | (2,042) |
| (6,731) | - | (6,731) |
| - | - | (11,670) |
| - | - | 13,077 |
| <hr/> <u>\$ (110,879)</u> | <hr/> <u>\$ -</u> | <hr/> <u>\$ 514,121</u> |

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GRAND TRAVERSE COUNTY, MICHIGAN

Internal Service Funds

Information Technology Fund - This fund was established by the County to account for the cost of the IT and telecommunications department and properly distribute the cost back to the departments that utilize their service proportionately.

County Insurance Fund - This fund was established by the County to provide insurance coverage to its departments or funds for general liability insurance. It is funded by charges to the various funds covered under the program, with all claims being paid from the fund.

Fringe Benefits Fund - This fund was established by the County to provide insurance coverage and fringe benefits to its departments or funds for healthcare, post-employment healthcare, workers' compensation, short-term and long-term disability, life insurance, MERS and defined contribution retirement plan costs. It is funded by charges to the various funds covered under the program, with all claims/costs being paid from the fund.

Central Services Fund - This fund was established by the County to centralize the purchase of supply items to obtain a volume discount, perform the postage and mailing tasks for all departments, and purchase and maintain departmental copiers.

Motor Pool Fund - This fund was established by the County to track the purchase of County vehicles and maintain the inventory for insurance and depreciation purposes.

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Net Position

Internal Service Funds
December 31, 2015

| | Information Technology | County Insurance | Fringe Benefits |
|---------------------------------------|---------------------------|------------------------|--------------------------|
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 200,965 | \$ - | \$ 475,316 |
| Accounts receivable, net | 22,079 | - | - |
| Due from other funds | 119,166 | - | - |
| Prepaid items and other assets | 240,686 | 160,412 | 617,571 |
| Total current assets | <u>582,896</u> | <u>160,412</u> | <u>1,092,887</u> |
| Noncurrent assets: | | | |
| Capital assets not being depreciated | - | - | - |
| Capital assets being depreciated, net | 166,430 | - | - |
| Total noncurrent assets | <u>166,430</u> | <u>-</u> | <u>-</u> |
| Total assets | <u>749,326</u> | <u>160,412</u> | <u>1,092,887</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 6,987 | 9,160 | 382,018 |
| Accrued liabilities | 41,345 | 25,000 | 19,441 |
| Claims payable | - | - | 40,833 |
| Due to other funds | 390 | 123,793 | 31 |
| Advances from other funds | 150,000 | - | - |
| Total current liabilities | <u>198,722</u> | <u>157,953</u> | <u>442,323</u> |
| Long-term liabilities: | | | |
| Compensated absences | <u>32,653</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>231,375</u> | <u>157,953</u> | <u>442,323</u> |
| Net position | | | |
| Net investment in capital assets | 166,430 | - | - |
| Unrestricted (deficit) | <u>351,521</u> | <u>2,459</u> | <u>650,564</u> |
| Total net position | <u>\$ 517,951</u> | <u>\$ 2,459</u> | <u>\$ 650,564</u> |

| Central Services | Motor Pool | Total |
|------------------|------------|-------|
|------------------|------------|-------|

| | | |
|----------------|--------------|------------------|
| \$ 165,163 | \$ 4,795 | \$ 846,239 |
| 8,938 | - | 31,017 |
| 50,818 | - | 169,984 |
| 31,304 | - | 1,049,973 |
| <u>256,223</u> | <u>4,795</u> | <u>2,097,213</u> |

| | | |
|----------------|------------------|------------------|
| - | 3,119,723 | 3,119,723 |
| 48,110 | - | 214,540 |
| <u>48,110</u> | <u>3,119,723</u> | <u>3,334,263</u> |
| <u>304,333</u> | <u>3,124,518</u> | <u>5,431,476</u> |

| | | |
|--------------|------------------|------------------|
| 2,092 | 4,795 | 405,052 |
| 2,301 | - | 88,087 |
| - | - | 40,833 |
| - | 663,729 | 787,943 |
| - | 2,455,994 | 2,605,994 |
| <u>4,393</u> | <u>3,124,518</u> | <u>3,927,909</u> |

| | | |
|--------------|------------------|------------------|
| - | - | 32,653 |
| <u>4,393</u> | <u>3,124,518</u> | <u>3,960,562</u> |

| | | |
|-------------------|--------------------|---------------------|
| 48,110 | 3,119,723 | 3,334,263 |
| <u>251,830</u> | <u>(3,119,723)</u> | <u>(1,863,349)</u> |
| <u>\$ 299,940</u> | <u>\$ -</u> | <u>\$ 1,470,914</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Funds For the Year Ended December 31, 2015

| | Information Technology | County Insurance | Fringe Benefits |
|-------------------------------------|---------------------------|---------------------|-----------------------|
| Operating revenues | | | |
| Charges for services | \$ 2,021,532 | \$ 215,732 | \$ 11,572,981 |
| Other revenues | <u>6,081</u> | <u>527,767</u> | <u>673,153</u> |
| Total operating revenues | <u>2,027,613</u> | <u>743,499</u> | <u>12,246,134</u> |
| Operating expenses | | | |
| Personnel services | 871,138 | - | 30,305 |
| Supplies | 204,991 | - | 1,154 |
| Contractual services | 152,050 | 23,012 | 12,109,996 |
| Depreciation | 92,273 | - | - |
| Other operating expenses | <u>574,186</u> | <u>759,910</u> | <u>2,769</u> |
| Total operating expenses | <u>1,894,638</u> | <u>782,922</u> | <u>12,144,224</u> |
| Operating income (loss) | 132,975 | (39,423) | 101,910 |
| Nonoperating revenues | | | |
| Interest revenues | <u>-</u> | <u>-</u> | <u>1,295</u> |
| Income (loss) before transfers | 132,975 | (39,423) | 103,205 |
| Transfers in | <u>-</u> | <u>-</u> | <u>97,515</u> |
| Change in net position | 132,975 | (39,423) | 200,720 |
| Net position, beginning of year | <u>384,976</u> | <u>41,882</u> | <u>449,844</u> |
| Net position, end of year | <u>\$ 517,951</u> | <u>\$ 2,459</u> | <u>\$ 650,564</u> |

| Central Services | Motor Pool | Total |
|---------------------|---------------|---------------|
| \$ 249,502 | \$ - | \$ 14,059,747 |
| 130 | - | 1,207,131 |
| <hr/> | <hr/> | <hr/> |
| 249,632 | - | 15,266,878 |
| <hr/> | <hr/> | <hr/> |
| 77,419 | - | 978,862 |
| 128,355 | - | 334,500 |
| 998 | - | 12,286,056 |
| 11,673 | - | 103,946 |
| 33,900 | - | 1,370,765 |
| <hr/> | <hr/> | <hr/> |
| 252,345 | - | 15,074,129 |
| <hr/> | <hr/> | <hr/> |
| (2,713) | - | 192,749 |
| <hr/> | <hr/> | <hr/> |
| - | - | 1,295 |
| <hr/> | <hr/> | <hr/> |
| (2,713) | - | 194,044 |
| <hr/> | <hr/> | <hr/> |
| - | - | 97,515 |
| <hr/> | <hr/> | <hr/> |
| (2,713) | - | 291,559 |
| <hr/> | <hr/> | <hr/> |
| 302,653 | - | 1,179,355 |
| <hr/> | <hr/> | <hr/> |
| \$ 299,940 | \$ - | \$ 1,470,914 |
| <hr/> | <hr/> | <hr/> |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended December 31, 2015

| | Information Technology | County Insurance | Fringe Benefits |
|---|---------------------------|---------------------|---------------------|
| Cash flows from operating activities | | | |
| Cash receipts from interfund services | \$ 2,066,895 | \$ 743,499 | \$ 12,250,264 |
| Cash payments to suppliers for goods and services | (965,029) | (743,499) | (12,584,457) |
| Cash payments to employees for services | (862,584) | - | (57,728) |
| Net cash provided by (used in) operating activities | 239,282 | - | (391,921) |
| Cash flows from noncapital financing activities | | | |
| Transfers from other funds | - | - | 97,515 |
| Cash flows from capital and related financing activities | | | |
| Purchases of capital assets | (38,317) | - | - |
| Cash flows provided by investing activities | | | |
| Interest received | - | - | 1,295 |
| Net change in cash and cash equivalents | 200,965 | - | (293,111) |
| Cash and cash equivalents, beginning of year | - | - | 768,427 |
| Cash and cash equivalents, end of year | <u>\$ 200,965</u> | <u>\$ -</u> | <u>\$ 475,316</u> |
| Cash flows from operating activities | | | |
| Operating income (loss) | \$ 132,975 | \$ (39,423) | \$ 101,910 |
| Adjustments to reconcile operating income (loss) | | | |
| to net cash provided by (used in) operating activities: | | | |
| Depreciation | 92,273 | - | - |
| Changes in: | | | |
| Accounts receivable, net | 962 | - | 4,130 |
| Due from other funds | 38,320 | - | - |
| Prepaid items and other assets | 16,951 | 8,845 | (489,494) |
| Accounts payable | 3,989 | 8,971 | 19,023 |
| Accrued liabilities | 10,595 | (5,147) | (3,155) |
| Claims payable | - | - | (24,268) |
| Due to other funds | (54,742) | 26,754 | (67) |
| Advance from other funds | - | - | - |
| Compensated absences | (2,041) | - | - |
| Net cash provided by (used in) operating activities | <u>\$ 239,282</u> | <u>\$ -</u> | <u>\$ (391,921)</u> |

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND BALANCE

| Central Services | Motor Pool | Total |
|---------------------------|----------------------------|----------------------------|
| \$ 212,001 | \$ - | \$ 15,272,659 |
| (170,704) | 3,124,518 | (11,339,171) |
| <u>(78,068)</u> | <u>-</u> | <u>(998,380)</u> |
| (36,771) | 3,124,518 | 2,935,108 |
| - | - | 97,515 |
| (35,914) | (3,119,723) | (3,193,954) |
| <u>-</u> | <u>-</u> | <u>1,295</u> |
| (72,685) | 4,795 | (160,036) |
| <u>237,848</u> | <u>-</u> | <u>1,006,275</u> |
| <u><u>\$ 165,163</u></u> | <u><u>\$ 4,795</u></u> | <u><u>\$ 846,239</u></u> |
| \$ (2,713) | \$ - | \$ 192,749 |
| 11,673 | - | 103,946 |
| (3,936) | - | 1,156 |
| (33,695) | - | 4,625 |
| (7,946) | - | (471,644) |
| 495 | 4,795 | 37,273 |
| (649) | - | 1,644 |
| - | - | (24,268) |
| - | 663,729 | 635,674 |
| - | 2,455,994 | 2,455,994 |
| <u>-</u> | <u>-</u> | <u>(2,041)</u> |
| <u><u>\$ (36,771)</u></u> | <u><u>\$ 3,124,518</u></u> | <u><u>\$ 2,935,108</u></u> |

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GRAND TRAVERSE COUNTY, MICHIGAN

■ Agency Funds

Trust and Agency Fund - This fund accounts for money held by the County in trust for other local units of government and their political subdivisions as well as some receipts that are not initially allocated to individual funds. As required by accounting principles generally accepted in the United States of America (GAAP), all monies that accrue to the benefit of the County have been allocated to the appropriate funds within these financial statements. Any balance remaining in the Trust and Agency fund is held in a fiduciary capacity for other parties.

Inmate Trust Fund - This fund was established to account for the profits accruing from the inmate commissary activities in the county jail. These funds are used mainly to purchase items for common benefit or use by the inmates.

District Court Trust Fund - This fund was established to account for bond and other trust money held by the 86th District Court.

Friend of the Court Trust Fund - This fund accounts for escrow funds received until their ultimate disposition or use has been determined.

Library Fines Fund - This fund is used to accumulate money collected by courts for fines imposed for State law violations. The accumulated fines must be apportioned annually among the public libraries and county library in accordance with the directions of the State Board for Libraries.

Water and Sewer Receiving Funds - These funds were established to account for the user fees collected on the various township sewer and water systems to cover the related maintenance, operating, and debt service costs associated with those systems.

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2015

| | Trust and Agency Fund | Inmate Trust | District Court Trust | Friend of the Court Trust | Library Fines | Water and Sewer Receiving Funds | Total |
|----------------------------|-----------------------|------------------|----------------------|---------------------------|-------------------|---------------------------------|---------------------|
| Assets | | | | | | | |
| Cash and cash equivalents | \$ 1,498,026 | \$ 45,729 | \$ 140,396 | \$ 5,448 | \$ 163,744 | \$ 901,735 | \$ 2,755,078 |
| Due from other governments | 611,206 | - | - | - | - | 408,719 | 1,019,925 |
| Total assets | \$ 2,109,232 | \$ 45,729 | \$ 140,396 | \$ 5,448 | \$ 163,744 | \$ 1,310,454 | \$ 3,775,003 |
| Liabilities | | | | | | | |
| Due to other governments | \$ 932,787 | \$ - | \$ - | \$ - | \$ - | \$ 1,310,454 | \$ 2,243,241 |
| Court items payable | 375,056 | - | 140,396 | - | - | - | 515,452 |
| Undistributed receipts | 244,955 | - | - | - | 163,744 | - | 408,699 |
| Other liabilities | 556,434 | 45,729 | - | 5,448 | - | - | 607,611 |
| Total liabilities | \$ 2,109,232 | \$ 45,729 | \$ 140,396 | \$ 5,448 | \$ 163,744 | \$ 1,310,454 | \$ 3,775,003 |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deductions | Balance December 31, 2015 |
|---------------------------------------|-------------------------------|-----------------------------|-------------------------------|---------------------------------|
| <i>Trust and Agency Fund</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 1,764,699 | \$ 74,478,723 | \$ (74,745,396) | \$ 1,498,026 |
| Due from other governments | <u>-</u> | <u>16,034</u> | <u>595,172</u> | <u>611,206</u> |
| Total assets | <u><u>\$ 1,764,699</u></u> | <u><u>\$ 74,494,757</u></u> | <u><u>\$ (74,150,224)</u></u> | <u><u>\$ 2,109,232</u></u> |
| Liabilities | | | | |
| Due to other governments | \$ 730,099 | \$ 45,936,087 | \$ (45,733,399) | \$ 932,787 |
| Court items payable | 101,723 | 3,045,162 | (2,771,829) | 375,056 |
| Undistributed receipts | 391,772 | 11,539,721 | (11,686,538) | 244,955 |
| Other liabilities | <u>541,105</u> | <u>17,060,610</u> | <u>(17,045,281)</u> | <u>556,434</u> |
| Total liabilities | <u><u>\$ 1,764,699</u></u> | <u><u>\$ 77,581,580</u></u> | <u><u>\$ (77,237,047)</u></u> | <u><u>\$ 2,109,232</u></u> |
| <i>Inmate Trust Fund</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 18,045 | \$ 832,568 | \$ (804,884) | \$ 45,729 |
| Liabilities | | | | |
| Other liabilities | <u>\$ 18,045</u> | <u>\$ 832,568</u> | <u>\$ (804,884)</u> | <u>\$ 45,729</u> |
| <i>District Court Trust Fund</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 33,464 | \$ 408,944 | \$ (302,012) | \$ 140,396 |
| Liabilities | | | | |
| Court items payable | <u>\$ 33,464</u> | <u>\$ 408,944</u> | <u>\$ (302,012)</u> | <u>\$ 140,396</u> |
| <i>Friend of the Court Trust Fund</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 5,454 | \$ 1,520,736 | \$ (1,520,742) | \$ 5,448 |
| Liabilities | | | | |
| Other liabilities | <u>\$ 5,454</u> | <u>\$ 1,520,736</u> | <u>\$ (1,520,742)</u> | <u>\$ 5,448</u> |
| <i>Library Fines Fund</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 136,464 | \$ 325,770 | \$ (298,490) | \$ 163,744 |
| Liabilities | | | | |
| Undistributed receipts | <u>\$ 136,464</u> | <u>\$ 325,770</u> | <u>\$ (298,490)</u> | <u>\$ 163,744</u> |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended December 31, 2015

| | Balance January 1, 2015 | Additions | Deductions | Balance December 31, 2015 |
|--|-------------------------------|----------------------|------------------------|---------------------------------|
| <i>Water and Sewer Receiving Funds</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 822,846 | \$ 9,866,774 | \$ (9,787,885) | \$ 901,735 |
| Due from other governments | 939,046 | 9,343,343 | (9,873,670) | 408,719 |
| Total assets | \$ 1,761,892 | \$ 19,210,117 | \$ (19,661,555) | \$ 1,310,454 |
| Liabilities | | | | |
| Due to other governments | \$ 1,761,892 | \$ 5,884,006 | \$ (6,335,444) | \$ 1,310,454 |
| <i>Total Agency Funds</i> | | | | |
| Assets | | | | |
| Cash and cash equivalents | \$ 2,780,972 | \$ 87,433,515 | \$ (87,459,409) | \$ 2,755,078 |
| Due from other governments | 939,046 | 9,359,377 | (9,278,498) | 1,019,925 |
| Total assets | \$ 3,720,018 | \$ 96,792,892 | \$ (96,737,907) | \$ 3,775,003 |
| Liabilities | | | | |
| Due to other governments | \$ 2,491,991 | \$ 51,820,093 | \$ (52,068,843) | \$ 2,243,241 |
| Court items payable | 135,187 | 3,454,106 | (3,073,841) | 515,452 |
| Undistributed receipts | 528,236 | 11,865,491 | (11,985,028) | 408,699 |
| Other liabilities | 564,604 | 19,413,914 | (19,370,907) | 607,611 |
| Total liabilities | \$ 3,720,018 | \$ 86,553,604 | \$ (86,498,619) | \$ 3,775,003 |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

■ Component Units

Grand Traverse County Department of Public Works (the "DPW") - Members of the governing body of the Department of Public Works are appointed by the County Board of Commissioners. The County also has the ability to influence operations of the Department of Public Works and has accountability for fiscal matters.

Drainage Districts - Each of the drainage districts established pursuant to the Drain Code of 1956 are separate legal entities, with the power to contract, to sue and be sued, to hold, manage and dispose of real and personal property, etc. The statutory drainage board of Chapter 21 drainage districts consists of the State Director of Agriculture and the Drain Commissioner of each county involved in the project. The County Drain Commissioner has sole responsibility to administer the drainage districts established pursuant to Chapters 3, 4 and 8 of the Drain Code. The Drainage Board or Drain Commissioner, on behalf of the drainage districts, may issue debt and levy special assessments authorized by the Drain Code without the prior approval of the County Board of Commissioners. The full faith and credit of the County may be given for the debt of the drainage district. The County also has the ability to influence operations of the Drain Commission and has accountability for fiscal matters.

Brownfield Redevelopment Authority - The members of the governing board of the Brownfield Redevelopment Authority are appointed by the County Board of Commissioners. They review and approve plans for business development within designated areas of the County where property was once contaminated. Property tax revenues from the "captured" portion of these properties are restricted to pay for site clean-up expenditures and future development depending on the development plan adopted for each project. The County has the ability to significantly influence the operations of the Brownfield Redevelopment Authority and has accountability for fiscal matters.

Land Bank Authority - Members of the governing body of the Land Bank Authority are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Land Bank Authority and has accountability for fiscal matters.

Hospital Finance Authority - The five members of the governing body of the Hospital Finance Authority are appointed by the County Board of Commissioners. The County also has the ability to influence the operations of the Hospital Finance Authority. Its primary purpose is constructing and improving hospital facilities within the boundaries of the County; lending money to hospitals for those purposes; refunding or refunding in advance obligations of the Authority; or refinancing the indebtedness of hospitals.

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Net Position Department of Public Works Component Unit December 31, 2015

| | DPW | Septage Facility | Garfield Septage Facility | Total |
|---|-------------------|---------------------|---------------------------|---------------------|
| Assets | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 2,332 | \$ 546,673 | \$ - | \$ 549,005 |
| Receivables, net: | | | | |
| Accounts | 12,892 | 40,597 | 24,573 | 78,062 |
| Leases | 2,685,000 | - | - | 2,685,000 |
| Interest | 126,311 | - | - | 126,311 |
| Due from other governments | 2,619,533 | - | - | 2,619,533 |
| Prepaid items and other assets | - | 7,312 | - | 7,312 |
| Total current assets | <u>5,446,068</u> | <u>594,582</u> | <u>24,573</u> | <u>6,065,223</u> |
| Noncurrent assets: | | | | |
| Leases receivable | 20,292,960 | - | - | 20,292,960 |
| Land | - | 400,000 | - | 400,000 |
| Capital assets, net | - | 6,841,848 | - | 6,841,848 |
| Total noncurrent assets | <u>20,292,960</u> | <u>7,241,848</u> | <u>-</u> | <u>27,534,808</u> |
| Total assets | <u>25,739,028</u> | <u>7,836,430</u> | <u>24,573</u> | <u>33,600,031</u> |
| Deferred outflows of resources | | | | |
| Deferred pension amounts | - | 4,754 | - | 4,754 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,362,601 | 50,479 | 10,811 | 1,423,891 |
| Accrued liabilities | 185,555 | 1,320 | - | 186,875 |
| Accrued interest payable | 128,191 | 19,404 | - | 147,595 |
| Due to other governments | 2,094,647 | 2,199,178 | 13,524 | 4,307,349 |
| Current portion of bonds payable | 2,685,000 | 75,000 | - | 2,760,000 |
| Current portion of notes payable | - | 100,000 | - | 100,000 |
| Current portion of compensated absences | 239 | - | - | 239 |
| Total current liabilities | <u>6,456,233</u> | <u>2,445,381</u> | <u>24,335</u> | <u>8,925,949</u> |
| Noncurrent liabilities: | | | | |
| Bonds payable | 19,230,000 | 600,000 | - | 19,830,000 |
| Notes payable | - | 1,997,000 | - | 1,997,000 |
| Compensated absences | 52,792 | - | - | 52,792 |
| Net pension liability | - | 76,650 | - | 76,650 |
| Total noncurrent liabilities | <u>19,282,792</u> | <u>2,673,650</u> | <u>-</u> | <u>21,956,442</u> |
| Total liabilities | <u>25,739,025</u> | <u>5,119,031</u> | <u>24,335</u> | <u>30,882,391</u> |
| Net position | | | | |
| Net investment in capital assets | - | 4,469,848 | - | 4,469,848 |
| Unrestricted (deficit) | <u>3</u> | <u>(1,747,695)</u> | <u>238</u> | <u>(1,747,454)</u> |
| Net position | <u>\$ 3</u> | <u>\$ 2,722,153</u> | <u>\$ 238</u> | <u>\$ 2,722,394</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Fund Net Position

Department of Public Works Component Unit

For the Year Ended December 31, 2015

| | DPW | Septage Facility | Garfield Septage Facility | Total |
|--|------------------|---------------------|---------------------------|---------------------|
| Operating revenues | | | | |
| Charges for services | \$ 63,276 | \$ 1,203,712 | \$ 36,650 | \$ 1,303,638 |
| Local sources | 6,608,314 | - | - | 6,608,314 |
| Total operating revenues | 6,671,590 | 1,203,712 | 36,650 | 7,911,952 |
| Operating expenses | | | | |
| Personnel services | 1,136,967 | 67,212 | 1,265 | 1,205,444 |
| Public works | 16,305 | - | - | 16,305 |
| Supplies | 488,543 | 1,291 | - | 489,834 |
| Contractual services | 95,319 | 312,494 | - | 407,813 |
| Depreciation | - | 232,905 | - | 232,905 |
| Other operating expenses | 4,001,405 | 228,044 | 35,147 | 4,264,596 |
| Total operating expenses | 5,738,539 | 841,946 | 36,412 | 6,616,897 |
| Operating income | 933,051 | 361,766 | 238 | 1,295,055 |
| Nonoperating revenues (expense) | | | | |
| Interest revenues | 12 | 95 | - | 107 |
| Interest and fiscal charges | (949,353) | (123,446) | - | (1,072,799) |
| Total nonoperating revenues (expense) | (949,341) | (123,351) | - | (1,072,692) |
| Change in net position | (16,290) | 238,415 | 238 | 222,363 |
| Net position, beginning of year, as restated | 16,293 | 2,483,738 | - | 2,500,031 |
| Net position, end of year | \$ 3 | \$ 2,722,153 | \$ 238 | \$ 2,722,394 |

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Cash Flows

Department of Public Works Component Unit
For the Year Ended December 31, 2015

| | DPW | Septage Facility | Garfield Septage Facility | Total |
|---|-------------------|-------------------|---------------------------|---------------------|
| Cash flows from operating activities | | | | |
| Receipts from services | \$ 5,234,467 | \$ 1,207,263 | \$ 13,272 | \$ 6,455,002 |
| Payments to suppliers for goods and services | (3,279,716) | (658,245) | (12,007) | (3,949,968) |
| Payments to employees for services | (1,136,703) | (66,241) | (1,265) | (1,204,209) |
| Net cash provided by operating activities | 818,048 | 482,777 | - | 1,300,825 |
| Cash flows from capital and related financing activities | | | | |
| Payment of lease receivable | 3,780,000 | - | - | 3,780,000 |
| Proceeds from issuance of debt | 2,725,000 | - | - | 2,725,000 |
| Principal payments | (6,390,000) | (175,000) | - | (6,565,000) |
| Interest payments | (979,285) | (124,432) | - | (1,103,717) |
| Purchases of capital assets | - | (111,561) | - | (111,561) |
| Net cash used in capital and related financing activities | (864,285) | (410,993) | - | (1,275,278) |
| Cash flows from investing activities | | | | |
| Interest received | 31,824 | 95 | - | 31,919 |
| Net change in cash and cash equivalents | (14,413) | 71,879 | - | 57,466 |
| Cash and cash equivalents, beginning of year | 16,745 | 474,794 | - | 491,539 |
| Cash and cash equivalents, end of year | \$ 2,332 | \$ 546,673 | \$ - | \$ 549,005 |
| Cash flows from operating activities | | | | |
| Operating income | \$ 933,051 | \$ 361,766 | \$ 238 | \$ 1,295,055 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | | | |
| Depreciation | - | 232,905 | - | 232,905 |
| Changes in: | | | | |
| Accounts receivables | 39,080 | 3,551 | (23,378) | 19,253 |
| Due from other governments | (1,476,203) | - | - | (1,476,203) |
| Prepaid items and other assets | - | 814 | - | 814 |
| Accounts payable | 1,006,809 | (17,230) | 10,628 | 1,000,207 |
| Accrued liabilities | 553 | 102 | - | 655 |
| Due to other governments | 315,047 | (100,000) | 12,512 | 227,559 |
| Compensated absences | (289) | - | - | (289) |
| Net pension liability and related deferred amount | - | 869 | - | 869 |
| Net cash provided by operating activities | \$ 818,048 | \$ 482,777 | \$ - | \$ 1,300,825 |

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GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drain Commission Component Unit
December 31, 2015

| | Special Revenue Fund | Capital Projects Funds | | |
|---|----------------------|---|--------------------------|-------------------------------------|
| | | Heritage Estates Drain Special Assessment | Acme Town Center Project | Sam's Club Drain Special Assessment |
| Assets | | | | |
| Cash and cash equivalents | \$ 12,108 | \$ 1,512 | \$ 1,840 | \$ 4,292 |
| Prepaid items and other assets | 13,738 | - | - | - |
| Total assets | \$ 25,846 | \$ 1,512 | \$ 1,840 | \$ 4,292 |
| Liabilities | | | | |
| Accounts payable | \$ 261 | \$ - | \$ - | \$ - |
| Due to other governments | 25,000 | - | - | - |
| Note payable | - | - | - | - |
| Total liabilities | 25,261 | - | - | - |
| Fund balances / net position | | | | |
| Restricted: | | | | |
| Public works | 585 | 1,512 | 1,840 | 4,292 |
| Total liabilities and fund balances / net position | \$ 25,846 | \$ 1,512 | \$ 1,840 | \$ 4,292 |

| Capital Projects Funds | | | | | | |
|--|---|--|--|---|--|--------------------------------------|
| Silver Lake Farms Drain Special Assessment | Cherry Ridge Estates Drain Special Assessment | Holiday South Drain Special Assessment | Westchester Hills Drain Special Assessment | Silver Lake Lake Level Special Assessment | Deepwater Point Drain Special Assessment | Old Mission Drain Special Assessment |
| \$ 926 | \$ 4,564 | \$ 698 | \$ 374 | \$ 1,415 | \$ 34,046 | \$ 2,381 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| \$ 926 | \$ 4,564 | \$ 698 | \$ 374 | \$ 1,415 | \$ 34,046 | \$ 2,381 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 926 | 4,564 | 698 | 374 | 1,415 | 34,046 | 2,381 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| \$ 926 | \$ 4,564 | \$ 698 | \$ 374 | \$ 1,415 | \$ 34,046 | \$ 2,381 |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Drain Commission Component Unit
December 31, 2015

| | Capital Projects Funds | | | | Total |
|---|--|---|--|-------------------|---------------|
| | Cass Road Drain Special Assessment | Gilbert Park Drain Special Assessment | Timberlane Drive Drain Special Assessment | | |
| Assets | | | | | |
| Cash and cash equivalents | \$ 262,033 | \$ 9,068 | \$ 65,586 | \$ 400,843 | |
| Prepaid items and other assets | - | - | - | - | 13,738 |
| Total assets | \$ 262,033 | \$ 9,068 | \$ 65,586 | \$ 414,581 | |
| Liabilities | | | | | |
| Accounts payable | \$ 2,590 | \$ - | \$ - | \$ 2,851 | |
| Due to other governments | - | - | - | - | 25,000 |
| Note payable | - | - | - | - | - |
| Total liabilities | 2,590 | | | | 27,851 |
| Fund balances / net position | | | | | |
| Restricted: | | | | | |
| Public works | <u>259,443</u> | <u>9,068</u> | <u>65,586</u> | <u>386,730</u> | |
| Total liabilities and fund balances / net position | \$ 262,033 | \$ 9,068 | \$ 65,586 | \$ 414,581 | |

| Adjustments | Statement of Net Position |
|------------------|------------------------------|
| \$ - | \$ 400,843 |
| - | 13,738 |
| <hr/> | <hr/> |
| \$ - | \$ 414,581 |
| | |
| \$ - | \$ 2,851 |
| - | 25,000 |
| 300,000 | 300,000 |
| <hr/> | <hr/> |
| 300,000 | 327,851 |
| | |
| <hr/> | <hr/> |
| (300,000) | 86,730 |
| <hr/> | <hr/> |
| \$ - | \$ 414,581 |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities and Governmental Funds Statement of

Revenues, Expenditures and Changes in Fund Balances

Drain Commission Component Unit

For the Year Ended December 31, 2015

| | Special Revenue Fund | Capital Projects Funds | | |
|---|----------------------|---|--------------------------|-------------------------------------|
| | | Heritage Estates Drain Special Assessment | Acme Town Center Project | Sam's Club Drain Special Assessment |
| Expenditures | | | | |
| Public works | \$ 9,415 | \$ - | \$ - | \$ - |
| Program revenues | | | | |
| Local grants | 10,000 | - | - | - |
| Net revenues (expenses) | 585 | - | - | - |
| General revenues | | | | |
| Interest revenues | - | 2 | 2 | 6 |
| Other financing sources | | | | |
| Loan proceeds | - | - | - | - |
| Net change in fund balances / net position | 585 | 2 | 2 | 6 |
| Fund balances / net position, beginning of year | - | 1,510 | 1,838 | 4,286 |
| Fund balances / net position, end of year | \$ 585 | \$ 1,512 | \$ 1,840 | \$ 4,292 |

| | | | | | | |
|--|--|--|--|--|--|--|
| | | | | | | |
|--|--|--|--|--|--|--|

| Capital Projects Funds | | | | | | |
|--|---|--|--|---|--|--------------------------------------|
| Silver Lake Farms Drain Special Assessment | Cherry Ridge Estates Drain Special Assessment | Holiday South Drain Special Assessment | Westchester Hills Drain Special Assessment | Silver Lake Lake Level Special Assessment | Deepwater Point Drain Special Assessment | Old Mission Drain Special Assessment |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 9,183 | \$ - |
| — | — | — | — | — | — | — |
| — | — | — | — | — | (9,183) | — |
| 1 | 7 | 1 | 1 | 2 | 65 | 4 |
| — | — | — | — | — | — | — |
| 1 | 7 | 1 | 1 | 2 | (9,118) | 4 |
| 925 | 4,557 | 697 | 373 | 1,413 | 43,164 | 2,377 |
| <u>\$ 926</u> | <u>\$ 4,564</u> | <u>\$ 698</u> | <u>\$ 374</u> | <u>\$ 1,415</u> | <u>\$ 34,046</u> | <u>\$ 2,381</u> |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities and Governmental Funds Statement of

Revenues, Expenditures and Changes in Fund Balances

Drain Commission Component Unit

For the Year Ended December 31, 2015

| | Capital Projects Funds | | | Total |
|---|--|---|--|-------------------|
| | Cass Road Drain Special Assessment | Gilbert Park Drain Special Assessment | Timberlane Drive Drain Special Assessment | |
| Expenditures | | | | |
| Public works | \$ 45,642 | \$ - | \$ 36 | \$ 64,276 |
| Program revenues | | | | |
| Local grants | - | - | - | 10,000 |
| Net revenues (expenses) | (45,642) | - | (36) | (54,276) |
| General revenues | | | | |
| Interest revenues | 4 | 14 | 99 | 208 |
| Other financing sources | | | | |
| Loan proceeds | 300,000 | - | - | 300,000 |
| Net change in fund balances / net position | 254,362 | 14 | 63 | 245,932 |
| Fund balances / net position, beginning of year | 5,081 | 9,054 | 65,523 | 140,798 |
| Fund balances / net position, end of year | <u>\$ 259,443</u> | <u>\$ 9,068</u> | <u>\$ 65,586</u> | <u>\$ 386,730</u> |

Statement of
Net Position

| Adjustments | Statement of Net Position |
|--|------------------------------|
| \$ - | \$ 64,276 |
| <hr/> - <u>10,000</u> | |
| - (54,276) | |
| <hr/> - 208 | |
| <hr/> <u>(300,000)</u> - | |
| (300,000) (54,068) | |
| <hr/> - <u>140,798</u> | |
| <hr/> <u>\$ (300,000)</u> <u>\$ 86,730</u> | |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Brownfield Redevelopment Authority Component Unit
December 31, 2015

| | Capital Projects Funds | | | | |
|--|------------------------|-------------------|--------------------|-------------------|-----------------------|
| | General Fund | River's Edge | CSXT Boardman Lake | Park Street | Bridgestone Firestone |
| Assets | | | | | |
| Cash and cash equivalents | \$ 200,467 | \$ 540,293 | \$ 819,870 | \$ 114,788 | \$ 574 |
| Receivables, net: | | | | | |
| Accounts | - | - | - | - | - |
| Loans | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Due from other governments | - | - | - | - | - |
| Due from other fund | - | - | - | - | - |
| Prepaid items and other assets | - | - | 50 | - | - |
| Total assets | \$ 200,467 | \$ 540,293 | \$ 819,920 | \$ 114,788 | \$ 574 |
| Liabilities | | | | | |
| Accounts payable | \$ 8,874 | \$ - | \$ 50 | \$ - | \$ - |
| Accrued interest payable | - | - | - | - | - |
| Due to other governments | 145,000 | - | - | - | - |
| Due to other fund | - | - | - | - | - |
| Unearned revenues | - | - | - | - | - |
| Loans payable | - | - | - | - | - |
| Total liabilities | 153,874 | - | 50 | - | - |
| Fund balances / net position | | | | | |
| Nonspendable: | | | | | |
| Prepaid items and other assets | - | - | 50 | - | - |
| Loans receivable | - | - | - | - | - |
| Restricted: | | | | | |
| Economic development | 46,593 | 540,293 | 819,820 | 114,788 | 574 |
| Unassigned (deficit) / unrestricted | - | - | - | - | - |
| Total fund balances / net position | 46,593 | 540,293 | 819,870 | 114,788 | 574 |
| Total liabilities, deferred inflows of resources and fund balances / net position | | | | | |
| | \$ 200,467 | \$ 540,293 | \$ 819,920 | \$ 114,788 | \$ 574 |

| Capital Projects Funds | | | | | | |
|------------------------|--------------------|----------------------|-------------------|-----------------|---------------------|------------------|
| Kinney | River West Snowden | GT Land Bank Parcels | TC East Bay Plaza | Traverse Cast | Blarney Castle | |
| \$ 1,670 | \$ 146,214 | \$ 10,491 | \$ 16,458 | \$ 7,259 | \$ 264,492 | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| <u>260,893</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>852,131</u> |
| <u>\$ 262,563</u> | <u>\$ 146,214</u> | <u>\$ 10,491</u> | <u>\$ 16,458</u> | <u>\$ 7,259</u> | <u>\$ 1,116,623</u> | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | 852,131 |
| <u>260,893</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <u>260,893</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>852,131</u> |
| 260,893 | - | - | - | - | - | 852,131 |
| - | - | - | - | - | - | |
| - | - | - | - | - | - | |
| <u>(259,223)</u> | <u>146,214</u> | <u>10,491</u> | <u>16,458</u> | <u>7,259</u> | <u>-</u> | <u>(587,639)</u> |
| <u>1,670</u> | <u>146,214</u> | <u>10,491</u> | <u>16,458</u> | <u>7,259</u> | <u>264,492</u> | |
| <u>\$ 262,563</u> | <u>\$ 146,214</u> | <u>\$ 10,491</u> | <u>\$ 16,458</u> | <u>\$ 7,259</u> | <u>\$ 1,116,623</u> | |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position and Governmental Funds Balance Sheet

Brownfield Redevelopment Authority Component Unit
December 31, 2015

| | Capital Projects Funds | | | | |
|--|----------------------------|------------------------------|--------------------------------|----------------------------|----------------------|
| | Grand Traverse Auto | Grand Traverse Commons | Traverse House Scamehorn | TBA Credit Union | Graetz Property |
| Assets | | | | | |
| Cash and cash equivalents | \$ 449,304 | \$ 154,469 | \$ 27,722 | \$ 51,993 | \$ 106 |
| Receivables, net: | | | | | |
| Accounts | 900,000 | - | - | - | - |
| Loans | - | - | - | - | - |
| Interest | 1,249 | - | - | - | - |
| Due from other governments | - | - | - | - | - |
| Due from other fund | - | - | - | - | - |
| Prepaid items and other assets | <u>977,230</u> | <u>1,106,980</u> | <u>50,000</u> | <u>1,415,763</u> | <u>542</u> |
| Total assets | <u>\$ 2,327,783</u> | <u>\$ 1,261,449</u> | <u>\$ 77,722</u> | <u>\$ 1,467,756</u> | <u>\$ 648</u> |
| Liabilities | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accrued interest payable | - | - | - | - | - |
| Due to other governments | 1,045,074 | 987,580 | - | 1,415,763 | 542 |
| Due to other fund | 900,000 | 119,400 | 50,000 | - | - |
| Unearned revenues | 3,985 | - | - | - | - |
| Loans payable | - | - | - | - | - |
| Total liabilities | <u>1,949,059</u> | <u>1,106,980</u> | <u>50,000</u> | <u>1,415,763</u> | <u>542</u> |
| Fund balances / net position | | | | | |
| Nonspendable: | | | | | |
| Prepaid items and other assets | 977,230 | 1,106,980 | 50,000 | 1,415,763 | 542 |
| Loans receivable | - | - | - | - | - |
| Restricted: | | | | | |
| Economic development | - | - | - | - | - |
| Unassigned (deficit) / unrestricted | <u>(598,506)</u> | <u>(952,511)</u> | <u>(22,278)</u> | <u>(1,363,770)</u> | <u>(436)</u> |
| Total fund balances / net position | <u>378,724</u> | <u>154,469</u> | <u>27,722</u> | <u>51,993</u> | <u>106</u> |
| Total liabilities, deferred inflows of resources and fund balances / net position | | | | | |
| | <u>\$ 2,327,783</u> | <u>\$ 1,261,449</u> | <u>\$ 77,722</u> | <u>\$ 1,467,756</u> | <u>\$ 648</u> |

| Capital Projects Funds | | Debt Service Fund | | | | | |
|-------------------------|--------------------------|----------------------------|-----------------------------|----------------------------|----------------------------|--|--|
| Old Town Center | Uptown | Local Revolving Loan Fund | Total | Adjustments | Statement of Net Position | | |
| \$ 20,085 | \$ 78,591 | \$ 263,382 | \$ 3,168,228 | \$ - | \$ 3,168,228 | | |
| - | - | - | 900,000 | - | 900,000 | | |
| - | - | 875,482 | 875,482 | - | 875,482 | | |
| - | - | - | 1,249 | - | 1,249 | | |
| - | 27,813 | - | 27,813 | - | 27,813 | | |
| - | - | 1,330,293 | 1,330,293 | (1,330,293) | - | | |
| <u>2,634</u> | <u>61,803</u> | <u>37,019</u> | <u>4,765,045</u> | <u>-</u> | <u>4,765,045</u> | | |
| <u><u>\$ 22,719</u></u> | <u><u>\$ 168,207</u></u> | <u><u>\$ 2,506,176</u></u> | <u><u>\$ 11,068,110</u></u> | <u><u>(1,330,293)</u></u> | <u><u>9,737,817</u></u> | | |
| \$ - | \$ - | \$ 8,924 | - | - | 8,924 | | |
| - | - | - | - | 17,978 | 17,978 | | |
| 2,634 | 89,616 | - | 4,538,340 | - | 4,538,340 | | |
| - | - | - | 1,330,293 | (1,330,293) | - | | |
| - | - | - | 3,985 | - | 3,985 | | |
| - | - | - | - | 4,123,795 | 4,123,795 | | |
| <u>2,634</u> | <u>89,616</u> | <u>-</u> | <u>5,881,542</u> | <u>2,811,480</u> | <u>8,693,022</u> | | |
| 2,634 | 61,803 | 37,019 | 4,765,045 | (4,765,045) | - | | |
| - | - | 875,482 | 875,482 | (875,482) | - | | |
| 17,451 | 16,788 | 1,593,675 | 3,330,404 | - | 3,330,404 | | |
| - | - | - | (3,784,363) | 4,829,158 | (2,285,609) | | |
| <u>20,085</u> | <u>78,591</u> | <u>2,506,176</u> | <u>5,186,568</u> | <u>(811,369)</u> | <u>1,044,795</u> | | |
| <u><u>\$ 22,719</u></u> | <u><u>\$ 168,207</u></u> | <u><u>\$ 2,506,176</u></u> | <u><u>\$ 11,068,110</u></u> | <u><u>\$ 2,000,111</u></u> | <u><u>\$ 9,737,817</u></u> | | |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities and Governmental Funds Statement of

Revenues, Expenditures and Changes in Fund Balances

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2015

| | Capital Projects Funds | | | | |
|---|------------------------|-------------------|--------------------|-------------------|-----------------------|
| | General Fund | River's Edge | CSXT Boardman Lake | Park Street | Bridgestone Firestone |
| Expenditures / expenses | | | | | |
| Public works | \$ 179,352 | \$ - | \$ 2,583 | \$ - | \$ 181,660 |
| Debt service: | | | | | |
| Principal | - | - | - | - | - |
| Interest and fiscal charges | - | - | - | - | 8,339 |
| Total expenditures / expenses | <u>179,352</u> | <u>-</u> | <u>2,583</u> | <u>-</u> | <u>189,999</u> |
| General revenues | | | | | |
| Taxes | - | 566,685 | 292,774 | 118,580 | 197,844 |
| Federal grants | - | - | - | - | - |
| State grants | - | - | - | - | - |
| Local grants | - | - | - | - | - |
| Interest revenues | - | 217 | 590 | 45 | 7 |
| Total general revenues | <u>-</u> | <u>566,902</u> | <u>293,364</u> | <u>118,625</u> | <u>197,851</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 175,000 | - | - | - | - |
| Transfers out | - | (27,303) | (61,458) | (4,160) | (7,505) |
| Loan proceeds | - | - | - | - | - |
| Total other financing sources (uses) | <u>175,000</u> | <u>(27,303)</u> | <u>(61,458)</u> | <u>(4,160)</u> | <u>(7,505)</u> |
| Change in fund balances / net position | (4,352) | 539,599 | 229,323 | 114,465 | 347 |
| Fund balances / net position, beginning of year, as restated | <u>50,945</u> | <u>694</u> | <u>590,547</u> | <u>323</u> | <u>227</u> |
| Fund balances / net position, end of year | <u>\$ 46,593</u> | <u>\$ 540,293</u> | <u>\$ 819,870</u> | <u>\$ 114,788</u> | <u>\$ 574</u> |

| Capital Projects Funds | | | | | | |
|------------------------|---------------------|----------------------|--------------------|-------------------|---------------------|---------------|
| Kinney | River West Snowden | GT Land Bank Parcels | TC East Bay Plaza | Traverse Cast | Blarney Castle | |
| \$ 53,968 | \$ - | \$ - | \$ 16,902 | \$ - | \$ - | |
| - | - | - | - | - | - | 15,052 |
| <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 53,968 | - | - | 16,902 | - | - | 15,052 |
| 56,379 | 23,893 | 3,650 | 20,665 | - | - | 103,009 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <hr/> 1 | <hr/> 110 | <hr/> 7 | <hr/> 14 | <hr/> 39 | <hr/> 192 | |
| 56,380 | 24,003 | 3,657 | 20,679 | 39 | 103,201 | |
| (1,902) | (822) | (1,290) | (3,211) | (25,062) | (18,229) | |
| <hr/> (1,902) | <hr/> (822) | <hr/> (1,290) | <hr/> (3,211) | <hr/> (25,062) | <hr/> (18,229) | |
| 510 | 23,181 | 2,367 | 566 | (25,023) | 69,920 | |
| <hr/> 1,160 | <hr/> 123,033 | <hr/> 8,124 | <hr/> 15,892 | <hr/> 32,282 | <hr/> 194,572 | |
| <hr/> \$ 1,670 | <hr/> \$ 146,214 | <hr/> \$ 10,491 | <hr/> \$ 16,458 | <hr/> \$ 7,259 | <hr/> \$ 264,492 | |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities and Governmental Funds Statement of

Revenues, Expenditures and Changes in Fund Balances

Brownfield Redevelopment Authority Component Unit

For the Year Ended December 31, 2015

| | Capital Projects Funds | | | | |
|---|---------------------------|------------------------------|--------------------------------|------------------------|--------------------|
| | Grand Traverse Auto | Grand Traverse Commons | Traverse House Scamehorn | TBA Credit Union | Graetz Property |
| Expenditures / expenses | | | | | |
| Public works | \$ (28,795) | \$ 25,769 | \$ 51,700 | \$ 17,510 | \$ 8,342 |
| Debt service: | | | | | |
| Principal | 96,659 | 82,178 | - | - | - |
| Interest and fiscal charges | - | - | - | - | - |
| Total expenditures / expenses | <u>67,864</u> | <u>107,947</u> | <u>51,700</u> | <u>17,510</u> | <u>8,342</u> |
| General revenues | | | | | |
| Taxes | 188,522 | 190,923 | 95,689 | 60,337 | 8,445 |
| Federal grants | - | - | - | - | - |
| State grants | - | - | - | - | - |
| Local grants | - | 33,326 | - | - | - |
| Interest revenues | 156 | 1,033 | 31 | 26 | 3 |
| Total general revenues | <u>188,678</u> | <u>225,282</u> | <u>95,720</u> | <u>60,363</u> | <u>8,448</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | (204,372) | (1,268) | (16,308) | (2,110) | - |
| Loan proceeds | - | - | - | - | - |
| Total other financing sources (uses) | <u>(204,372)</u> | <u>(1,268)</u> | <u>(16,308)</u> | <u>(2,110)</u> | <u>-</u> |
| Change in fund balances / net position | (83,558) | 116,067 | 27,712 | 40,743 | 106 |
| Fund balances / net position, beginning of year, as restated | <u>462,282</u> | <u>38,402</u> | <u>10</u> | <u>11,250</u> | <u>-</u> |
| Fund balances / net position, end of year | <u>\$ 378,724</u> | <u>\$ 154,469</u> | <u>\$ 27,722</u> | <u>\$ 51,993</u> | <u>\$ 106</u> |

STATEMENT OF ACTIVITIES

| Capital Projects Funds | | Debt Service Fund | | | | Statement of Activities |
|------------------------|------------------|---------------------------|---------------------|-----------------------|---------------------|-------------------------|
| Old Town Center | Uptown | Local Revolving Loan Fund | Total | Adjustments | | |
| \$ - | \$ 819,612 | \$ 239,930 | \$ 1,568,533 | \$ - | \$ 1,568,533 | |
| - | - | - | 193,889 | (193,889) | - | |
| - | - | - | 8,339 | (2,354) | 5,985 | |
| - | <u>819,612</u> | <u>239,930</u> | <u>1,770,761</u> | <u>(196,243)</u> | <u>1,574,518</u> | |
| 20,071 | - | 124,406 | 2,071,872 | - | 2,071,872 | |
| - | 527,152 | - | 527,152 | - | 527,152 | |
| - | 207,218 | - | 207,218 | - | 207,218 | |
| - | - | - | 33,326 | - | 33,326 | |
| 14 | 37 | 14,719 | 17,241 | - | 17,241 | |
| <u>20,085</u> | <u>734,407</u> | <u>139,125</u> | <u>2,856,809</u> | - | <u>2,856,809</u> | |
| - | - | 200,000 | 375,000 | (375,000) | - | |
| - | - | - | (375,000) | 375,000 | - | |
| - | <u>163,796</u> | - | <u>163,796</u> | <u>(163,796)</u> | - | |
| - | <u>163,796</u> | <u>200,000</u> | <u>163,796</u> | <u>(163,796)</u> | - | |
| 20,085 | 78,591 | 99,195 | 1,249,844 | 32,447 | 1,282,291 | |
| - | - | <u>2,406,981</u> | <u>3,936,724</u> | <u>(4,174,220)</u> | <u>(237,496)</u> | |
| <u>\$ 20,085</u> | <u>\$ 78,591</u> | <u>\$ 2,506,176</u> | <u>\$ 5,186,568</u> | <u>\$ (4,141,773)</u> | <u>\$ 1,044,795</u> | |

concluded

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position

Land Bank Authority Component Unit
December 31, 2015

Assets

| | |
|----------------------------|----------------|
| Cash and cash equivalents | \$ 230,864 |
| Receivables, net: | |
| Taxes | 6,814 |
| Due from other governments | 9,695 |
| Property inventory | <u>498,349</u> |

Total assets

745,722

Liabilities

| | |
|-------------------|---------------|
| Accounts payable | 9,702 |
| Unearned revenues | <u>5,000</u> |
| Total liabilities | <u>14,702</u> |

Deferred inflows of resources

| | |
|---|--------------|
| Property taxes levied for subsequent year | <u>4,154</u> |
|---|--------------|

Net position

| | |
|------------|-------------------|
| Restricted | <u>\$ 726,866</u> |
|------------|-------------------|

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Land Bank Authority Component Unit
For the Year Ended December 31, 2015

| | |
|---------------------------------|-------------------|
| Operating revenues | |
| Property sales | \$ 223,640 |
| Operating expenses | |
| Land bank | <u>103,654</u> |
| Operating income | <u>119,986</u> |
| Nonoperating revenues | |
| Taxes | 12,088 |
| Federal sources | 9,695 |
| Interest revenues | <u>80</u> |
| Total nonoperating revenues | <u>21,863</u> |
| Change in net position | 141,849 |
| Net position, beginning of year | <u>585,017</u> |
| Net position, end of year | <u>\$ 726,866</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Cash Flows

Land Bank Authority Component Unit
For the Year Ended December 31, 2015

| | |
|---|-------------------|
| Cash flows from operating activities | |
| Receipts from services | \$ 218,945 |
| Payments to suppliers for goods and services | <u>(96,568)</u> |
| Net cash provided by operating activities | <u>122,377</u> |
| Cash flows from capital and related financing activities | |
| Cash received from property taxes | 10,314 |
| Cash received from federal sources | <u>9,695</u> |
| Net cash provided by capital and related financing activities | <u>20,009</u> |
| Cash flows provided by investing activities | |
| Interest received | <u>80</u> |
| Net change in cash and cash equivalents | 142,466 |
| Cash and cash equivalents, beginning of year | <u>88,398</u> |
| Cash and cash equivalents, end of year | <u>\$ 230,864</u> |
| Cash flows from operating activities | |
| Operating income | \$ 119,986 |
| Adjustments to reconcile operating income | |
| to net cash provided by operating activities: | |
| Changes in: | |
| Due from other governments | (9,695) |
| Property inventory | 43,025 |
| Accounts payable | (35,939) |
| Unearned revenue | <u>5,000</u> |
| Net cash provided by operating activities | <u>\$ 122,377</u> |

STATISTICAL SECTION (UNAUDITED)

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GRAND TRAVERSE COUNTY, MICHIGAN

Statistical Section Table of Contents

This part of the County's Comprehensive Annual Financial Report presents detailed information to assist the user in understanding what the financial statements, note disclosures and required supplementary information say about the overall economic condition of the County of Grand Traverse, Michigan.

| | | <u>Page</u> |
|---|--|-------------|
| Financial Trends Tables 1 - 4 | These schedules contain trend information to help the reader understand and evaluate how the County's financial condition, performance and well-being have changed over time. | 220 |
| Revenue Capacity Tables 5 - 8 | These schedules contain information to help the reader assess the County's ability to generate its most significant local revenue source, the property tax. | 230 |
| Debt Capacity Tables 9 - 12 | These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future. | 237 |
| Demographic and Economic Information Tables 13 - 14 | These schedules present various demographic and economic indicators to help the reader understand the environment within which the County operates and how they affect the County's financial activities. | 242 |
| Operating Information Tables 15 - 17 | These schedules contain information about the County's operations and resources to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs. | 246 |

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year. The County implemented GASB Statement No. 34 in 2003; schedules presenting government-wide information include data beginning in that year.

GRAND TRAVERSE COUNTY, MICHIGAN

Net Position by Component

Last Ten Fiscal Years

(amounts expressed in thousands)

| | Fiscal Year | | | |
|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2013 | 2012 |
| Primary Government Activities | | | | |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 36,973 | \$ 34,741 | \$ 35,450 | \$ 36,440 |
| Restricted | 6,333 | 5,991 | 5,926 | 10,177 |
| Unrestricted | (39,143) | 7,950 | 10,794 | 6,733 |
| Total governmental activities net position | \$ 4,163 | \$ 48,682 | \$ 52,170 | \$ 53,350 |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 17,955 | \$ 17,659 | \$ 16,096 | \$ 14,928 |
| Unrestricted | 15,499 | 22,088 | 21,552 | 20,520 |
| Total business-type activities net position | \$ 33,454 | \$ 39,747 | \$ 37,648 | \$ 35,448 |
| Primary government | | | | |
| Net investment in capital assets | \$ 54,928 | \$ 52,400 | \$ 51,546 | \$ 51,368 |
| Restricted | 6,333 | 5,991 | 5,926 | 10,177 |
| Unrestricted | (23,644) | 30,038 | 32,346 | 27,253 |
| Total primary government net position | \$ 37,617 | \$ 88,429 | \$ 89,818 | \$ 88,798 |

Note: GASB Statements No. 63 and 65 were implemented for Fiscal Year Ended December 31, 2012. Information on this schedule is reported prospectively for the year of implementation. Prior years were not restated.

Note: GASB Statement No. 68 was implemented for the fiscal year ended December 31, 2015. This resulted in presentation of the County's net pension liability on the statement of net position. Prior years were not restated.

Table 1 - Unaudited

| Fiscal Year | | | | | | | | | | | |
|-------------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|-----------|---------------|
| | 2011 | | 2010 | | 2009 | | 2008 | | 2007 | | 2006 |
| \$ | 35,668 | \$ | 33,229 | \$ | 32,048 | \$ | 32,644 | \$ | 31,048 | \$ | 31,093 |
| | 15,617 | | 7,077 | | 8,645 | | 10,218 | | 11,728 | | 13,190 |
| | 4,138 | | 17,572 | | 19,918 | | 19,254 | | 19,832 | | 17,059 |
| <u>\$</u> | <u>55,423</u> | <u>\$</u> | <u>57,878</u> | <u>\$</u> | <u>60,611</u> | <u>\$</u> | <u>62,116</u> | <u>\$</u> | <u>62,608</u> | <u>\$</u> | <u>61,342</u> |
| \$ | 13,708 | \$ | 11,728 | \$ | 10,522 | \$ | 9,121 | \$ | 8,397 | \$ | 7,609 |
| | 20,216 | | 19,630 | | 17,173 | | 17,237 | | 16,348 | | 15,970 |
| <u>\$</u> | <u>33,924</u> | <u>\$</u> | <u>31,358</u> | <u>\$</u> | <u>27,695</u> | <u>\$</u> | <u>26,358</u> | <u>\$</u> | <u>24,745</u> | <u>\$</u> | <u>23,579</u> |
| \$ | 49,376 | \$ | 44,957 | \$ | 42,570 | \$ | 41,765 | \$ | 39,445 | \$ | 38,702 |
| | 15,617 | | 7,077 | | 8,645 | | 10,218 | | 11,728 | | 13,190 |
| | 24,354 | | 37,202 | | 37,091 | | 36,491 | | 36,180 | | 33,029 |
| <u>\$</u> | <u>89,347</u> | <u>\$</u> | <u>89,236</u> | <u>\$</u> | <u>88,306</u> | <u>\$</u> | <u>88,474</u> | <u>\$</u> | <u>87,353</u> | <u>\$</u> | <u>84,921</u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Changes in Net Position Last Ten Fiscal Years (amounts expressed in thousands)

| | Fiscal Year | | | |
|--|---------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2013 | 2012 |
| Expenses | | | | |
| Governmental activities: | | | | |
| Legislative | \$ 402 | \$ 351 | \$ 344 | \$ 383 |
| Judicial | 10,769 | 10,460 | 10,685 | 10,570 |
| General government | 8,950 | 9,066 | 8,839 | 8,838 |
| Public safety | 17,690 | 17,283 | 16,203 | 16,544 |
| Health and welfare | 11,896 | 11,479 | 12,141 | 11,047 |
| Economic development | 118 | 1,497 | 213 | 9 |
| Recreation and culture | 953 | 892 | 985 | 888 |
| Interest on long-term debt | 291 | 303 | 314 | 442 |
| Total governmental activities expenses | 51,069 | 51,331 | 49,724 | 48,721 |
| Business-type activities: | | | | |
| Inspections | 1,187 | 1,137 | 1,102 | 1,041 |
| Medical Care Facility (Pavilions) | 30,338 | 28,723 | 28,305 | 28,047 |
| Solid waste | 382 | 318 | 307 | 339 |
| Delinquent tax collection and administration | 539 | 185 | 348 | 280 |
| Total business-type activities expenses | 32,446 | 30,363 | 30,062 | 29,707 |
| Total primary government expenses | 83,515 | 81,694 | 79,786 | 78,428 |
| Program revenues | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Legislative | - | 2 | - | 1 |
| Judicial | 2,946 | 2,882 | 2,944 | 2,832 |
| General government | 3,256 | 3,008 | 3,049 | 3,238 |
| Public safety | 981 | 1,739 | 1,628 | 1,509 |
| Health and welfare | 3,414 | 2,402 | 2,353 | 2,442 |
| Economic development | - | 3 | - | - |
| Recreation and culture | 344 | 486 | 471 | 419 |
| Operating grants and contributions | 11,780 | 9,908 | 11,218 | 9,828 |
| Capital grants and contributions | 3 | 9 | - | 165 |
| Total governmental activities program revenues | 22,724 | 20,439 | 21,663 | 20,434 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Inspections | 1,685 | 1,676 | 1,428 | 990 |
| Medical Care Facility (Pavilions) | 26,213 | 24,736 | 24,753 | 24,037 |
| Solid waste | 296 | 261 | 284 | 357 |
| Delinquent tax collection and administration | 372 | 414 | 453 | 548 |
| Operating grants and contributions | 3,437 | 3,590 | 4,192 | 4,070 |
| Total business-type activities program revenues | 32,003 | 30,677 | 31,110 | 30,002 |
| Total primary government program revenues | 54,727 | 51,116 | 52,773 | 50,436 |

Table 2 - Unaudited

| Fiscal Year | | | | | | |
|---------------|---------------|---------------|---------------|---------------|---------------|--|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | |
| \$ 434 | \$ 413 | \$ 423 | \$ 539 | \$ 471 | \$ 403 | |
| 8,639 | 8,862 | 8,826 | 8,511 | 7,852 | 7,993 | |
| 11,202 | 11,653 | 11,765 | 11,967 | 22,504 | 10,079 | |
| 16,379 | 16,058 | 15,480 | 16,471 | 14,835 | 14,584 | |
| 10,481 | 10,660 | 9,567 | 9,753 | 9,990 | 8,789 | |
| 445 | 84 | 322 | 251 | - | - | |
| 915 | 966 | 1,640 | 650 | 915 | 846 | |
| 360 | 481 | 516 | 537 | 575 | 254 | |
| <u>48,855</u> | <u>49,177</u> | <u>48,539</u> | <u>48,679</u> | <u>57,142</u> | <u>42,948</u> | |
| 949 | 989 | 1,137 | 1,327 | 1,503 | 1,604 | |
| 25,439 | 24,259 | 24,937 | 24,594 | 23,618 | 23,035 | |
| 320 | 661 | 705 | 575 | 703 | 627 | |
| 193 | 250 | 277 | 89 | 48 | 69 | |
| <u>26,901</u> | <u>26,159</u> | <u>27,056</u> | <u>26,585</u> | <u>25,872</u> | <u>25,335</u> | |
| 75,756 | 75,336 | 75,595 | 75,264 | 83,014 | 68,283 | |
| 8 | 9 | 1 | 4 | 4 | 1 | |
| 2,920 | 3,005 | 2,927 | 3,100 | 3,150 | 3,212 | |
| 2,677 | 2,410 | 2,426 | 2,351 | 4,703 | 2,861 | |
| 1,516 | 1,625 | 1,603 | 1,593 | 2,681 | 1,326 | |
| 2,048 | 2,443 | 1,989 | 1,704 | 2,605 | 1,635 | |
| - | - | - | - | - | - | |
| 395 | 460 | 306 | 402 | 237 | 422 | |
| 10,033 | 10,438 | 11,218 | 11,944 | 17,728 | 10,947 | |
| 387 | 443 | 33 | 900 | 42 | - | |
| <u>19,984</u> | <u>20,833</u> | <u>20,503</u> | <u>21,998</u> | <u>31,150</u> | <u>20,404</u> | |
| 925 | 871 | 846 | 1,017 | 1,376 | 1,715 | |
| 25,191 | 23,747 | 23,429 | 23,280 | 21,770 | 21,301 | |
| 442 | 568 | 576 | 737 | 777 | 832 | |
| 2,170 | 2,334 | 1,874 | 1,163 | 1,109 | 951 | |
| 120 | 112 | 136 | 93 | 19 | 225 | |
| <u>28,848</u> | <u>27,632</u> | <u>26,861</u> | <u>26,290</u> | <u>25,051</u> | <u>25,024</u> | |
| 48,832 | 48,465 | 47,364 | 48,288 | 56,201 | 45,428 | |

GRAND TRAVERSE COUNTY, MICHIGAN

Changes in Net Position Last Ten Fiscal Years (amounts expressed in thousands)

| | Fiscal Year | | | |
|--|-----------------|-------------------|-----------------|-----------------|
| | 2015 | 2014 | 2013 | 2012 |
| Net (expense) revenues | | | | |
| Governmental activities | \$ (28,345) | \$ (30,892) | \$ (28,061) | \$ (28,287) |
| Business-type activities | (443) | 314 | 1,048 | 295 |
| Total primary government net (expense) revenues | (28,788) | (30,578) | (27,013) | (27,992) |
| General revenues and other changes in net position | | | | |
| Governmental activities: | | | | |
| Property taxes | 25,870 | 25,840 | 25,550 | 24,501 |
| State revenue sharing | 1,692 | 332 | - | - |
| Unrestricted investment earnings | 149 | 163 | 143 | 156 |
| Other revenues (expense) | 31 | 30 | 12 | - |
| Transfers - internal activities | 1,114 | 1,039 | 1,177 | 1,558 |
| Total governmental activities | 28,856 | 27,404 | 26,882 | 26,215 |
| Business-type activities: | | | | |
| Property taxes | 2,754 | 2,824 | 2,767 | 2,882 |
| Unrestricted investment earnings | - | - | - | - |
| Other revenues (expense) | - | 1 | - | - |
| Transfers - internal activities | (1,114) | (1,039) | (1,177) | (1,558) |
| Total business-type activities | 1,640 | 1,786 | 1,590 | 1,324 |
| Total primary government | 30,496 | 29,190 | 28,472 | 27,539 |
| Change in net position | | | | |
| Governmental activities | 511 | (3,488) | (1,179) | (2,072) |
| Business-type activities | 1,197 | 2,100 | 2,638 | 1,619 |
| Total primary government change in net position | \$ 1,708 | \$ (1,388) | \$ 1,459 | \$ (453) |

Table 2 - Unaudited

| Fiscal Year | | | | | | |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | |
| \$ (28,871) | \$ (28,344) | \$ (28,036) | \$ (26,681) | \$ (25,992) | \$ (22,544) | |
| 1,947 | 1,473 | (195) | (295) | (821) | (311) | |
| <u>(26,924)</u> | <u>(26,871)</u> | <u>(28,231)</u> | <u>(26,976)</u> | <u>(26,813)</u> | <u>(22,855)</u> | |
| 24,008 | 24,146 | 24,619 | 23,922 | 23,857 | 26,901 | |
| - | - | - | - | - | - | |
| 227 | 344 | 611 | 1,294 | 2,471 | 1,748 | |
| 17 | 13 | - | (29) | - | (9) | |
| <u>2,164</u> | <u>1,158</u> | <u>1,301</u> | <u>1,001</u> | <u>930</u> | <u>940</u> | |
| <u>26,416</u> | <u>25,661</u> | <u>26,531</u> | <u>26,188</u> | <u>27,258</u> | <u>29,580</u> | |
| 2,754 | 3,203 | 2,784 | 2,677 | 2,525 | 2,351 | |
| 29 | 78 | 60 | 237 | 391 | 351 | |
| - | 16 | (11) | 5 | - | - | |
| <u>(2,164)</u> | <u>(1,158)</u> | <u>(1,301)</u> | <u>(1,011)</u> | <u>(930)</u> | <u>(940)</u> | |
| <u>619</u> | <u>2,139</u> | <u>1,532</u> | <u>1,908</u> | <u>1,986</u> | <u>1,762</u> | |
| <u>27,035</u> | <u>27,800</u> | <u>28,063</u> | <u>28,096</u> | <u>29,244</u> | <u>31,342</u> | |
| (2,455) | (2,683) | (1,505) | (493) | 1,266 | 7,036 | |
| <u>2,566</u> | <u>3,612</u> | <u>1,337</u> | <u>1,613</u> | <u>1,165</u> | <u>1,451</u> | |
| <u>\$ 111</u> | <u>\$ 929</u> | <u>\$ (168)</u> | <u>\$ 1,120</u> | <u>\$ 2,431</u> | <u>\$ 8,487</u> | |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Fund Balances - Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

| | Fiscal Year | | | |
|------------------------------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2013 | 2012 |
| General fund: | | | | |
| Nonspendable | \$ 2,351 | \$ 2,811 | \$ 3,194 | \$ 3,434 |
| Restricted | - | - | - | - |
| Assigned | 500 | 706 | 1,582 | 625 |
| Unassigned | 6,665 | 5,421 | 4,425 | 3,976 |
| Reserved | - | - | - | - |
| Unreserved | - | - | - | - |
| Total general fund | <u>9,516</u> | <u>8,938</u> | <u>9,201</u> | <u>8,035</u> |
| All other governmental funds: | | | | |
| Nonspendable | 53 | 32 | 8 | 6 |
| Restricted | 6,330 | 3,411 | 5,925 | 9,949 |
| Committed | 4,562 | 3,958 | 4,061 | 216 |
| Assigned | - | - | - | 1,891 |
| Unassigned | (1,820) | (2,235) | (2,621) | (2,995) |
| Reserved | - | - | - | - |
| Special revenues funds | - | - | - | - |
| Capital projects funds | - | - | - | - |
| Total all other governmental funds | <u>9,125</u> | <u>5,166</u> | <u>7,373</u> | <u>9,067</u> |
| Total governmental funds | <u>\$ 18,641</u> | <u>\$ 14,104</u> | <u>\$ 16,574</u> | <u>\$ 17,102</u> |

Note: The County implemented GASB Statement No. 54 for the Fiscal Year Ended December 31, 2011. Prior years were not restated retroactively.

Table 3 - Unaudited

| Fiscal Year | | | | | | |
|------------------|------------------|------------------|------------------|------------------|------------------|------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| \$ | 2,988 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 10 | - | - | - | - | - | - |
| 625 | - | - | - | - | - | - |
| 4,148 | - | - | - | - | - | - |
| - | 870 | 961 | 660 | 795 | 661 | |
| - | 7,230 | 8,206 | 8,909 | 8,723 | 6,937 | |
| 7,771 | 8,100 | 9,167 | 9,569 | 9,518 | 7,598 | |
| 349 | - | - | - | - | - | - |
| 10,130 | - | - | - | - | - | - |
| 104 | - | - | - | - | - | - |
| 2,682 | - | - | - | - | - | - |
| (1,845) | - | - | - | - | - | - |
| - | 7,184 | 8,645 | 10,218 | 11,812 | 13,198 | |
| - | 7,173 | 6,873 | 5,658 | 6,840 | 4,272 | |
| - | 1,064 | 1,996 | 2,217 | 1,018 | 2,778 | |
| 11,420 | 15,421 | 17,514 | 18,093 | 19,670 | 20,248 | |
| \$ 19,191 | \$ 23,521 | \$ 26,681 | \$ 27,662 | \$ 29,188 | \$ 27,846 | |

GRAND TRAVERSE COUNTY, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

(amounts expressed in thousands)

| | Fiscal Year | | | |
|---|-----------------|--------------------|-----------------|-------------------|
| | 2015 | 2014 | 2013 | 2012 |
| Revenues | | | | |
| Taxes | \$ 25,870 | \$ 25,841 | \$ 25,550 | \$ 24,501 |
| Licenses and permits | 632 | 566 | 569 | 500 |
| Intergovernmental: | | | | |
| Federal sources | 4,732 | 3,632 | 4,581 | 3,903 |
| State sources | 5,329 | 4,073 | 3,783 | 3,633 |
| Local sources | 5,185 | 3,714 | 3,645 | 3,576 |
| Charges for services | 6,164 | 6,623 | 6,548 | 6,311 |
| Fines and forfeits | 94 | 118 | 113 | 93 |
| Reimbursements | 2,478 | 2,506 | 2,780 | 3,062 |
| Contributions | - | 1 | 3 | 20 |
| Rental revenues | 691 | 697 | 689 | 619 |
| Interest revenues | 148 | 162 | 151 | 165 |
| Other revenues | 666 | 596 | 478 | 811 |
| Total revenues | 51,989 | 48,529 | 48,890 | 47,194 |
| Expenditures | | | | |
| Current: | | | | |
| Legislative | 426 | 378 | 373 | 421 |
| Judicial | 10,381 | 10,139 | 10,393 | 10,225 |
| General government | 10,136 | 10,335 | 10,123 | 10,258 |
| Public safety | 16,117 | 15,367 | 15,276 | 15,421 |
| Health and welfare | 11,932 | 11,965 | 11,807 | 10,514 |
| Economic development | 118 | 1,498 | 213 | 9 |
| Recreation and culture | 760 | 667 | 741 | 640 |
| Other | - | - | - | - |
| Debt service: | | | | |
| Principal | 570 | 545 | 550 | 2,005 |
| Interest and fiscal charges | 291 | 303 | 314 | 356 |
| Capital outlay | 336 | 689 | 574 | 5,814 |
| Total expenditures | 51,067 | 51,886 | 50,364 | 55,663 |
| Revenues over (under) expenditures | 922 | (3,357) | (1,474) | (8,469) |
| Other financing sources (uses) | | | | |
| Issuance of long-term debt | - | - | - | 11,170 |
| Discount on issuance of long-term debt | - | - | - | (46) |
| Payment to refunding bond escrow agent | - | - | - | (6,192) |
| Proceeds from sale of capital assets | 31 | 29 | 12 | 17 |
| Transfers in | 12,857 | 1,286 | 13,381 | 13,082 |
| Transfers out | (11,841) | (12,003) | (12,446) | (11,650) |
| Total other financing sources (uses) | 1,047 | (10,688) | 947 | 6,381 |
| Net change in fund balances | \$ 1,969 | \$ (14,045) | \$ (527) | \$ (2,088) |
| Debt service as a percentage of noncapital expenditures | 1.70% | 1.66% | 1.74% | 5.70% |

Table 4 - Unaudited

| Fiscal Year | | | | | | |
|-------------------|-------------------|-----------------|-----------------|-------------------|------------------|-----------|
| | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| \$ | 24,008 | \$ 24,146 | \$ 24,619 | \$ 23,923 | \$ 23,857 | \$ 26,901 |
| | 460 | 461 | 434 | 448 | 457 | 528 |
| 4,224 | 4,590 | 3,574 | 4,757 | 3,848 | 3,686 | |
| 3,799 | 3,672 | 4,240 | 3,810 | 4,129 | 3,431 | |
| 3,470 | 3,704 | 3,522 | 3,644 | 3,544 | 3,344 | |
| 6,068 | 6,222 | 5,915 | 5,789 | 5,971 | 6,672 | |
| 87 | 104 | 101 | 123 | 160 | 167 | |
| 3,040 | 3,172 | 3,023 | 2,360 | 2,067 | 1,955 | |
| 1 | 2 | 5 | 2 | 14 | 19 | |
| 649 | 638 | 620 | 659 | 613 | 610 | |
| 251 | 349 | 609 | 1,275 | 1,985 | 1,738 | |
| 802 | 1,946 | 2,596 | 1,801 | 1,648 | 1,715 | |
| 46,859 | 49,006 | 49,258 | 48,591 | 48,293 | 50,766 | |
| | | | | | | |
| 411 | 422 | 534 | 468 | 404 | 385 | |
| 10,212 | 10,016 | 9,272 | 8,598 | 8,452 | 8,074 | |
| 11,012 | 11,311 | 10,846 | 10,690 | 10,447 | 9,954 | |
| 15,453 | 14,656 | 15,838 | 13,931 | 13,879 | 13,693 | |
| 11,708 | 10,990 | 10,803 | 10,657 | 9,744 | 9,644 | |
| 84 | 322 | 251 | - | - | - | |
| 716 | 686 | 752 | 937 | 621 | 764 | |
| - | - | - | 53 | - | - | |
| 1,050 | 740 | 710 | 680 | 650 | 345 | |
| 484 | 512 | 538 | 563 | 247 | 259 | |
| 1,820 | 1,590 | 1,445 | 1,138 | 6,036 | 4,274 | |
| 52,950 | 51,245 | 50,989 | 47,715 | 50,480 | 47,392 | |
| (6,091) | (2,239) | (1,731) | 876 | (2,187) | 3,374 | |
| | | | | | | |
| - | - | - | - | - | 8,385 | |
| - | - | - | - | - | (74) | |
| - | - | - | - | - | - | |
| 16 | 12 | 31 | - | - | 4 | |
| 13,371 | 14,410 | 13,464 | 11,762 | 11,395 | 10,756 | |
| (12,553) | (13,416) | (12,623) | (10,997) | (10,640) | (9,759) | |
| 834 | 1,006 | 872 | 765 | 755 | 9,312 | |
| \$ (5,257) | \$ (1,233) | \$ (859) | \$ 1,641 | \$ (1,432) | \$ 12,686 | |

5.02%

4.21%

4.12%

4.26%

3.05%

2.57%

GRAND TRAVERSE COUNTY, MICHIGAN

Assessed and Estimated Actual Value of Taxable Property Last Ten Fiscal Years

| Fiscal Year | Real Property | | Personal Property | Total Assessed Value |
|-------------|------------------|------------------|-------------------|----------------------|
| | Residential | Commercial | | |
| 2006 | \$ 3,964,980,260 | \$ 1,249,326,857 | \$ 255,575,931 | \$ 5,469,883,048 |
| 2007 | 4,238,375,228 | 1,343,000,157 | 258,664,798 | 5,840,040,183 |
| 2008 | 4,342,963,319 | 1,390,127,029 | 251,468,812 | 5,984,559,160 |
| 2009 | 4,283,832,904 | 1,369,999,093 | 266,500,315 | 5,920,332,312 |
| 2010 | 4,042,595,921 | 1,286,802,285 | 261,118,622 | 5,590,516,828 |
| 2011 | 3,806,716,018 | 1,184,052,681 | 253,983,234 | 5,244,751,933 |
| 2012 | 3,765,597,955 | 1,106,117,252 | 256,999,566 | 5,128,714,773 |
| 2013 | 3,820,469,838 | 1,113,170,336 | 279,915,132 | 5,213,555,306 |
| 2014 | 3,926,367,866 | 1,129,839,306 | 268,290,120 | 5,324,497,292 |
| 2015 | 4,104,608,188 | 1,142,210,172 | 281,365,300 | 5,528,183,660 |

Sources:

Grand Traverse County Equalization Department

Note: Property in the County is equalized annually. The county assesses property at approximately 50 percent of market value for all types of real and personal property.

Tax rates are per \$1,000 of assessed value.

Table 5 - Unaudited

| Total Direct Tax Rate | Estimated Actual Value | Percentage of Taxable to Actual Value |
|-----------------------------|------------------------------|---|
| 6.1681 | \$ 10,939,766,096 | 50.00% |
| 6.1291 | 11,680,080,366 | 50.00% |
| 6.1291 | 11,969,118,320 | 50.00% |
| 6.1291 | 11,840,664,624 | 50.00% |
| 6.2291 | 11,181,033,656 | 50.00% |
| 6.2433 | 10,489,503,866 | 50.00% |
| 6.2433 | 10,257,429,546 | 50.00% |
| 6.2433 | 10,427,110,612 | 50.00% |
| 7.2433 | 10,648,994,584 | 50.00% |
| 6.5838 | 11,056,367,320 | 50.00% |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

| Grand Traverse County | | | | | |
|-----------------------|-------------------|---------------------|-----------------------|-----------------|---------------|
| Fiscal Year (1) (2) | Operating Millage | Commission On Aging | Medical Care Facility | Road Commission | Total Millage |
| 2006 | 5.0154 | 0.4890 | 0.6637 | 0.0000 | 6.1681 |
| 2007 | 4.9838 | 0.4858 | 0.6595 | 0.0000 | 6.1291 |
| 2008 | 4.9838 | 0.4858 | 0.6595 | 0.0000 | 6.1291 |
| 2009 | 4.9838 | 0.4858 | 0.6595 | 0.0000 | 6.1291 |
| 2010 | 4.9838 | 0.5858 | 0.6595 | 0.0000 | 6.2291 |
| 2011 | 4.9838 | 0.6000 | 0.6595 | 0.0000 | 6.2433 |
| 2012 | 4.9838 | 0.6000 | 0.6595 | 0.0000 | 6.2433 |
| 2013 | 4.9838 | 0.6000 | 0.6595 | 0.0000 | 6.2433 |
| 2014 | 4.9838 | 0.6000 | 0.6595 | 1.0000 | 7.2433 |
| 2015 | 4.9838 | 0.6000 | 0.0000 | 1.0000 | 6.5838 |

Source:

Grand Traverse County Apportionment Reports

(1) Rates reduced to comply with the Headlee Amendment.

(2) Fiscal year is the year in which the tax is levied. 2006 refers to the 2007 tax collection. Starting with the 2005 County levy there was a shift, 1/3 each year for three years, from the traditional December levy for the subsequent year to a July levy for the current year.

Table 6 - Unaudited

| Intermediate Schools | Overlapping Rates | | Overlapping Rates | | | Grand Total Direct & Overlapping Rates |
|----------------------|-----------------------------|-----------------------|-------------------|------------------------|--------|---|
| | District Library Operations | District Library Debt | Community College | Community College Debt | BATA | |
| 2.9421 | 0.9609 | 0.1420 | 2.1838 | 0.7300 | 0.3317 | 13.4586 |
| 2.9334 | 0.9548 | 0.1830 | 2.1700 | 0.7000 | 0.3283 | 13.3986 |
| 2.9312 | 0.9548 | 0.1450 | 2.1700 | 0.7000 | 0.3272 | 13.3573 |
| 2.9312 | 0.9548 | 0.1344 | 2.1700 | 0.7000 | 0.3454 | 13.3649 |
| 2.9312 | 0.9548 | 0.1597 | 2.1700 | 0.7000 | 0.3454 | 13.4902 |
| 2.9312 | 0.9548 | 0.1520 | 2.1700 | 0.7700 | 0.3454 | 13.5667 |
| 2.9312 | 0.9548 | 0.1520 | 2.1700 | 0.7700 | 0.3454 | 13.5667 |
| 2.9312 | 0.9548 | 0.1502 | 2.1700 | 0.7500 | 0.3454 | 13.5449 |
| 2.9312 | 0.9548 | 0.1454 | 2.1700 | 0.7400 | 0.3454 | 14.5301 |
| 2.9312 | 0.9548 | 0.1454 | 2.1700 | 0.6600 | 0.3454 | 13.7906 |

GRAND TRAVERSE COUNTY, MICHIGAN

Principal Property Taxpayers

Current Year and Nine Years Ago

| Taxpayer | 2015 | | |
|--|-----------------------|------|-----------------------------------|
| | Taxable Value | Rank | Percentage of Total Taxable Value |
| Grand Traverse Mall LTD PTNR | \$ 31,678,351 | 1 | 0.69% |
| Consumers Energy | 26,769,041 | 2 | 0.58% |
| Michigan Electric Transmission Co. | 14,056,069 | 3 | 0.30% |
| DTE Gas Company | 13,220,480 | 4 | 0.29% |
| Grand Traverse Resort & Spa LLC | 12,736,511 | 5 | 0.28% |
| Sara Lee/Hillshire Brands | 12,382,300 | 6 | 0.27% |
| Cherryland Rural Electric Co-op | 11,021,105 | 7 | 0.24% |
| Brixmor Grand Traverse I LLC | 10,471,448 | 8 | 0.23% |
| Great Wolf Lodge TC Development LLC | 9,723,200 | 9 | 0.21% |
| VS Traverse City Real Estate Holdings | 8,725,000 | 10 | 0.19% |
| Grand Traverse Band of Ottawa Indians | | | |
| Grand Traverse Crossings Shopping | | | |
| Michigan Consolidated Gas Company | | | |
| Carpenter Enterprises LTD | | | |
| GDO Investments | | | |
| State of Michigan (Taxable lands) | <u>\$ 150,783,505</u> | | <u>3.26%</u> |
| County Total Taxable Value 2015 / 2006 | \$4,620,528,695 | | |

Source:

Grand Traverse County Equalization Department

Table 7 - Unaudited

| 2006 | | |
|------------------------|------|-----------------------------------|
| Taxable Value | Rank | Percentage of Total Taxable Value |
| \$ 13,223,700 | 7 | 0.35% |
| 18,436,779 | 3 | 0.49% |
| | | |
| 14,351,450 | 6 | 0.38% |
| | | |
| 20,058,600 | 2 | 0.54% |
| | | |
| 20,870,468 | 1 | 0.56% |
| 15,727,620 | 4 | 0.42% |
| 14,991,388 | 5 | 0.40% |
| 11,787,760 | 8 | 0.32% |
| 11,349,878 | 9 | 0.30% |
| 10,508,960 | 10 | 0.28% |
| \$ 151,306,603 | | 4.04% |
| | | |
| \$3,736,228,144 | | |

GRAND TRAVERSE COUNTY, MICHIGAN

Table 8 - Unaudited

Property Taxes Levied and Collected

Last Ten Fiscal Years

| Tax Year Levy | Total Tax Levy for Fiscal Year | Collected to March 1 Following Year of the Levy | | Delinquents Purchased by Treasurer | Collections in Subsequent Years (1) | Total Collections to 4/30 | |
|---------------|--------------------------------|---|--------------------|------------------------------------|-------------------------------------|---------------------------|--------------------|
| | | Amount | Percentage of Levy | | | Amount | Percentage of Levy |
| 2006 | \$ 19,039,918 | \$ 18,006,682 | 94.57% | \$ 980,328 | \$ 52,908 | \$ 19,039,918 | 100.00% |
| 2007 | 20,245,356 | 19,257,383 | 95.12% | 927,609 | 60,364 | 20,245,356 | 100.00% |
| 2008 | 21,015,942 | 19,909,206 | 94.73% | 1,056,543 | 50,193 | 21,015,942 | 100.00% |
| 2009 | 21,697,005 | 20,562,406 | 94.77% | 1,091,846 | 42,753 | 21,697,005 | 100.00% |
| 2010 | 21,310,329 | 20,318,560 | 95.35% | 934,969 | 56,800 | 21,310,329 | 100.00% |
| 2011 | 20,746,929 | 19,875,126 | 95.80% | 842,469 | 29,334 | 20,746,929 | 100.00% |
| 2012 | 20,759,994 | 20,064,727 | 96.65% | 673,697 | 21,570 | 20,759,994 | 100.00% |
| 2013 | 21,301,311 | 20,564,903 | 96.54% | 686,347 | 50,061 | 21,301,311 | 100.00% |
| 2014 | 21,684,008 | 21,049,613 | 97.07% | 575,635 | 58,760 | 21,684,008 | 100.00% |
| 2015 | 22,294,423 | 21,709,522 | 97.38% | 553,470 | 31,431 | 22,294,423 | 100.00% |

Source:

Grand Traverse County Treasurer

(1) Personal property collected over 5 year period, if not collected after 5 years, amounts are written off through Circuit Court

GRAND TRAVERSE COUNTY, MICHIGAN

Table 9 - Unaudited

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

| Fiscal Year | Governmental Activities | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income (1) | Per Capita (1) |
|-------------|--------------------------|---------------|--------------------------|---------------|--------------------------|-----------------------------------|----------------|
| | General Obligation Bonds | Notes Payable | General Obligation Bonds | | | | |
| 2006 | \$ 13,730,000 | \$ 82,747 | \$ 21,938,823 | \$ 35,751,570 | 1.24% | \$ 421 | |
| 2007 | 13,050,000 | 76,623 | 20,517,570 | 33,644,193 | 1.11% | 394 | |
| 2008 | 12,340,000 | 101,293 | 18,872,963 | 31,314,256 | 1.01% | 364 | |
| 2009 | 11,600,000 | 34,990 | 16,275,751 | 27,910,741 | 0.89% | 323 | |
| 2010 | 10,550,000 | 3,206 | 14,342,791 | 24,895,997 | 0.81% | 286 | |
| 2011 | 8,025,000 | 1,640 | 12,290,488 | 20,317,128 | 0.62% | 230 | |
| 2012 | 10,983,696 | - | 10,606,887 | 21,590,583 | 0.61% | 242 | |
| 2013 | 10,435,548 | - | 8,244,029 | 18,679,577 | 0.51% | 208 | |
| 2014 | 9,892,400 | - | 6,041,171 | 15,933,571 | 0.41% | 176 | |
| 2015 | 9,324,252 | - | 4,779,739 | 14,103,991 | (2) | 154 | |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Personal income and population data can be found in the Schedule of Demographic and Economic Statistics. (Table 13)

(2) This information is not yet available.

GRAND TRAVERSE COUNTY, MICHIGAN

Table 10 - Unaudited

■ Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

| Fiscal Year | General Obligation Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property | Per Capita (1) |
|-------------|--------------------------|--|---------------|--|----------------|
| 2006 | \$ 35,668,823 | \$ 141 | \$ 35,668,682 | 0.96% | \$ 420 |
| 2007 | 33,567,570 | 148 | 33,567,422 | 0.81% | 393 |
| 2008 | 31,212,963 | - | 31,212,963 | 0.72% | 363 |
| 2009 | 27,875,751 | - | 27,875,751 | 0.62% | 323 |
| 2010 | 24,892,791 | - | 24,892,791 | 0.57% | 286 |
| 2011 | 20,315,488 | - | 20,315,488 | 0.47% | 230 |
| 2012 | 21,590,583 | - | 21,590,583 | 0.50% | 242 |
| 2013 | 18,679,577 | - | 18,679,577 | 0.42% | 208 |
| 2014 | 15,933,571 | - | 15,933,571 | 0.36% | 176 |
| 2015 | 14,103,991 | - | 14,103,991 | 0.31% | 154 |

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Taxable value provided by the Grand Traverse County Equalization Department.

(1) Population data can be found in the Schedule of Demographic and Economic Statistics.

GRAND TRAVERSE COUNTY, MICHIGAN

Table 11 - Unaudited

Computation of Direct and Overlapping Governmental Activities Debt
As of December 31, 2015

| | Debt Outstanding | Estimated Percentage Applicable (1) | Estimated Share of Overlapping Debt |
|---|------------------|-------------------------------------|-------------------------------------|
| Debt repaid with property taxes: County | \$ 157,515,453 | 82.99% | \$ 130,719,774 |
| County direct debt | | | <u>9,324,252</u> |
| Total direct and overlapping debt | | | <u><u>\$ 140,044,026</u></u> |

Source:

Debt outstanding and estimated share of overlapping debt provided by Municipal Advisory Council of Michigan.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) Applicable percentages were estimated by determining the portion of the County's taxable value that is within the County's boundaries and dividing it by the County's total taxable value.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Computation of Legal Debt Margin Information

Last Ten Fiscal Years

(amounts expressed in thousands)

| | Fiscal Year | | | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2013 | 2012 |
| Debt limit | \$ 552,818 | \$ 532,450 | \$ 521,356 | \$ 512,871 |
| Total net debt applicable to limit | <u>43,289</u> | <u>47,678</u> | <u>54,127</u> | <u>57,156</u> |
| Legal debt margin | <u>\$ 509,529</u> | <u>\$ 484,772</u> | <u>\$ 467,229</u> | <u>\$ 455,715</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 7.83% | 8.95% | 10.38% | 11.14% |

Note: Under state finance law the County's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

(1) Includes primary government and component units.

Table 12 - Unaudited

| Fiscal Year | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | |
| \$ 524,475 | \$ 559,052 | \$ 592,033 | \$ 598,456 | \$ 584,004 | \$ 546,988 | |
| <u>70,590</u> | <u>83,427</u> | <u>91,896</u> | <u>100,386</u> | <u>102,658</u> | <u>108,320</u> | |
| <u><u>\$ 453,885</u></u> | <u><u>\$ 475,625</u></u> | <u><u>\$ 500,137</u></u> | <u><u>\$ 498,070</u></u> | <u><u>\$ 481,346</u></u> | <u><u>\$ 438,668</u></u> | |

13.46% 14.92% 15.52% 16.77% 17.58% 19.80%

Legal Debt Margin Calculation for Fiscal Year 2015
(amounts expressed in thousands)

| | |
|---|----------------------------|
| State equalized value of real property | \$ 5,246,818 |
| State equalized value of personal property | <u>281,365</u> |
| Total state equalized value | <u><u>\$ 5,528,184</u></u> |
| Debt limit (10% of total state equalized value) | 552,818 |
| Debt applicable to limit: (1) | \$ 43,289 |
| Less: | |
| Assets in Debt Service funds | |
| available for payment of principal | <u>-</u> |
| Total amount of debt applicable to debt limit | <u>43,289</u> |
| Legal debt margin | <u><u>\$ 509,529</u></u> |

GRAND TRAVERSE COUNTY, MICHIGAN

Table 13 - Unaudited

| Demographic and Economic Statistics Last Ten Fiscal Years | | | | | | |
|--|----------------|---|--------------------------------|-----------------------|-----------------------|--|
| Fiscal Year | Population (1) | Personal Income (2) (amounts expressed in thousands) | Per Capita Personal Income (2) | School Enrollment (3) | Unemployment Rate (4) | |
| 2006 | 84,952 | \$ 2,894,249 | \$ 34,260 | 10,479 | 5.90% | |
| 2007 | 85,479 | 3,033,402 | 35,520 | 10,310 | 6.50% | |
| 2008 | 86,071 | 3,104,898 | 36,129 | 9,984 | 7.60% | |
| 2009 | 86,333 | 3,119,045 | 36,128 | 9,859 | 11.80% | |
| 2010 | 86,986 | 3,086,127 | 35,459 | 9,773 | 11.70% | |
| 2011 | 88,349 | 3,259,588 | 36,894 | 9,773 | 9.60% | |
| 2012 | 89,112 | 3,516,506 | 39,462 | 9,774 | 8.00% | |
| 2013 | 89,987 | 3,654,267 | 40,609 | 9,729 | 6.80% | |
| 2014 | 90,782 | 3,870,325 | 42,633 | 9,639 | 5.90% | |
| 2015 | 91,636 | (5) | (5) | 9,524 | 4.40% | |

Sources:

- (1) U.S. Census Bureau
- (2) Bureau of Economic Analysis, www.bea.gov, U.S. Department of Commerce
- (3) MaryBeth Stein, TCAPS Pupil Accounting Specialist
- (4) U.S. Department of Labor Statistics Data www.data.bls.gov. Unemployment rate information is a yearly average not seasonally adjusted
- (5) Data not available at this time

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GRAND TRAVERSE COUNTY, MICHIGAN

Principal Employers

Current Year and Nine Years Ago

| Employer | 2015 | | |
|---|---------------------|------|---------------------------------------|
| | Employees | Rank | Percentage of Total County Employment |
| Munson Medical Center | 3,100 | 1 | 6.52% |
| Traverse City Area Public Schools | 1,825 | 2 | 3.84% |
| Northwestern Michigan College | 742 | 3 | 1.57% |
| Traverse Bay Intermediate School District | 550 | 4 | 1.17% |
| Grand Traverse Resort & Casino | 500 | 5 | 1.05% |
| Interlochen Center for the Arts | 475 | 6 | 1.00% |
| Grand Traverse County Government | 450 | 7 | 0.95% |
| Grand Traverse Pavilions | 415 | 8 | 0.87% |
| Hagerty Insurance | 400 | 9 | 0.84% |
| Britten Banners, Inc. | 380 | 10 | 0.80% |
| Sara Lee/Hillshire Brands | | | |
| Tower Automotive | | | |
| Hillsdale Tool & Mfg. Co. Inc. | | | |
| Elmer's Crane & Dozer, Inc. | | | |
| Textron Power Transmissions | | | |
| Totals | <u><u>8,837</u></u> | | <u><u>18.61%</u></u> |
| Total Employment 2015 / 2006 | 47,573 | | |

Sources:

Grand Traverse County Planning Department

U.S Dept. of Labor www.data.bls.gov - employment rate not seasonally adjusted

Table 14 - Unaudited

| 2006 | | |
|---------------|------|---------------------------------------|
| Employees | Rank | Percentage of Total County Employment |
| 3,700 | 1 | 7.69% |
| 1,825 | 2 | 3.80% |
| 900 | 3 | 1.87% |
| 300 | 9 | 0.62% |
| 400 | 6 | 0.83% |
| 640 | 4 | 1.33% |
| 400 | 5 | 0.83% |
| 300 | 7 | 0.62% |
| 300 | 8 | 0.62% |
| 285 | 10 | 0.59% |
| 9,050 | | 18.80% |
| 48,137 | | |

GRAND TRAVERSE COUNTY

■ Full-time Equivalent Government Employees by Function Last Ten Fiscal Years

| Function | Full-time Equivalent Employees as of December 31, | | | |
|--------------------|---|------------|------------|------------|
| | 2015 | 2014 | 2013 | 2012 |
| Legislative | 1 | 1 | 1 | 1 |
| Judicial | 90 | 96 | 90 | 93 |
| General Government | 95 | 100 | 98 | 110 |
| Public Safety | 152 | 144 | 149 | 149 |
| Public Works | 18 | 17 | 20 | 22 |
| Health & Welfare | 127 | 123 | 123 | 128 |
| Total | 483 | 481 | 481 | 503 |

Source:

Grand Traverse County Human Resources

Table 15 - Unaudited

| Full-time Equivalent Employees as of December 31, | | | | | | |
|---|------------|------------|------------|------------|------------|---|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 93 | 95 | 94 | 94 | 93 | 93 | |
| 122 | 124 | 129 | 128 | 126 | 123 | |
| 149 | 154 | 158 | 158 | 156 | 155 | |
| 21 | 21 | 21 | 21 | 21 | 21 | |
| 127 | 128 | 121 | 111 | 102 | 95 | |
| 513 | 523 | 524 | 513 | 499 | 488 | |

GRAND TRAVERSE COUNTY, MICHIGAN

Operating Indicators by Function

Last Ten Fiscal Years

| Function | Fiscal Year | | | |
|---|-------------|--------|--------|--------|
| | 2015 | 2014 | 2013 | 2012 |
| Public safety: | | | | |
| Average daily inmate population - Jail only | 162.08 | 158.00 | 158.80 | 138.60 |
| Average daily population - Includes inmates boarded-out | 172.58 | 163.42 | 160.80 | 138.60 |
| 911 Computer aided dispatch calls* | 70,195 | 56,473 | 57,278 | 55,654 |
| Commissary: | | | | |
| Number of orders placed by inmates | 17,587 | 18,716 | 15,250 | 7,553 |
| Health and welfare: | | | | |
| Commission on aging-client visits: | | | | |
| Homemaker Aide Program | 12,956 | 15,648 | 15,247 | 16,058 |
| Home Health Care Program | 6,286 | 6,873 | 6,986 | 8,011 |
| Home Chore Program | 10,030 | 8,803 | 8,112 | 8,365 |
| Walk in & telephone assistance calls** | 3,778 | 28,566 | 27,830 | 13,184 |
| Public works: | | | | |
| Number of sewer billings | 20,344 | 7,791 | 7,770 | 7,968 |
| Number of water billings | 9,316 | 1,028 | 1,041 | 1,035 |
| Number of combined billings | 48,552 | 69,112 | 68,716 | 68,504 |
| General Government: | | | | |
| County Clerk-Passports processed | 1,646 | 1,317 | 1,284 | 1,424 |
| Finance-Checks processed | 16,013 | 16,898 | 21,824 | 19,488 |
| MSU-Extension: | | | | |
| 4-H Participants | 3,066 | 1,325 | 1,187 | 1,384 |
| FNP Participants | - | - | - | - |
| PAT Participants | - | - | - | - |
| Register of Deeds-records filed: | | | | |
| Discharge of Mortgage | 4,666 | 3,600 | 4,896 | 4,900 |
| Mortgage | 4,378 | 3,786 | 5,011 | 5,577 |
| Warranty Deed | 3,208 | 2,843 | 2,731 | 2,266 |
| Judicial: | | | | |
| Circuit court total caseload | 2,282 | 2,247 | 2,260 | 2,584 |
| District court total caseload | 14,185 | 15,028 | 15,751 | 14,046 |
| Probate court total caseload | 560 | 586 | 549 | 596 |
| Recreation and culture: | | | | |
| Swimming pool admissions | 12,727 | 23,411 | 23,438 | 19,706 |
| Community and Economic Development: | | | | |
| Construction permits issued | 5,842 | 5,211 | 5,097 | 4,236 |
| EDC loans | - | - | - | - |
| Medical care facility-skilled nursing: | | | | |
| Resident Admits | 491 | 454 | 461 | 492 |
| Resident Days | 83,659 | 84,250 | 85,498 | 85,727 |

Source: Various County departments

*911 changed its numbering system to include every department involved in the call to be counted separately

**Includes Senior Center Network

(1) Data is unavailable for this year

Table 16 - Unaudited

| Fiscal Year | | | | | |
|-------------|--------|--------|--------|--------|--------|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| 146.00 | 150.00 | 149.00 | 154.00 | 164.00 | 159.00 |
| 146.00 | 150.00 | 149.00 | 154.00 | 164.00 | 167.00 |
| 98,901 | 53,701 | 54,086 | 54,433 | 50,449 | 47,247 |
| (1) | 6,910 | 7,241 | 7,814 | 7,902 | 7,998 |
| 16,376 | 17,065 | 16,157 | 14,828 | 13,073 | 9,078 |
| 8,308 | 7,489 | 7,573 | 7,022 | 4,911 | 5,342 |
| 10,476 | 8,914 | 10,481 | 9,962 | 5,840 | 4,964 |
| 30,968 | 37,173 | 26,129 | 22,742 | 16,582 | 13,264 |
| 8,024 | 7,916 | 8,988 | 15,587 | 15,445 | 24,729 |
| 1,017 | 1,468 | 6,256 | 8,171 | 7,962 | 26,674 |
| 67,424 | 66,096 | 50,844 | 37,384 | 36,319 | - |
| 1,531 | 1,669 | 1,978 | 1,675 | 2,826 | 2,369 |
| 16,644 | 20,457 | 18,022 | 19,552 | 19,090 | 18,566 |
| - | - | - | - | 1,605 | 1,487 |
| 565 | 430 | 1,771 | 1,672 | 778 | 2,149 |
| - | - | 1,884 | 1,213 | 1,222 | 947 |
| 4,148 | 4,243 | 5,286 | 4,417 | 5,236 | 5,837 |
| 4,143 | 4,672 | 5,728 | 4,671 | 6,046 | 7,451 |
| 1,760 | 1,678 | 1,680 | 1,820 | 2,492 | 2,955 |
| 2,694 | 2,983 | 3,205 | 3,254 | 3,179 | 2,368 |
| 16,433 | 19,348 | 20,414 | 21,754 | 24,659 | 25,543 |
| 531 | 563 | 514 | 556 | 618 | 588 |
| 18,014 | 19,564 | 15,630 | 16,215 | 15,246 | 16,284 |
| 4,162 | 3,965 | 3,709 | 3,777 | 4,541 | 7,070 |
| 7 | 6 | 13 | 11 | 13 | 16 |
| 425 | 350 | 263 | 314 | 281 | 253 |
| 81,513 | 78,857 | 79,479 | 79,465 | 79,231 | 79,362 |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Capital Asset Statistics by Function

Last Ten Fiscal Years

| Function | Fiscal Year | | | |
|----------------------------|-------------|------|------|------|
| | 2015 | 2014 | 2013 | 2012 |
| Public safety: | | | | |
| Police: | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Buildings | 5 | 5 | 5 | 5 |
| Radio Towers | 5 | 6 | 6 | 6 |
| Vehicles | 93 | 91 | 95 | 96 |
| Boats | 8 | 8 | 7 | 5 |
| Snowmobiles | 3 | 2 | 2 | 2 |
| Animal control: | | | | |
| Building | 1 | 1 | 1 | 1 |
| Vehicles | 2 | 2 | 2 | 2 |
| General government: | | | | |
| Buildings | 4 | 4 | 4 | 3 |
| Vehicles | 21 | 20 | 20 | 22 |
| Health and welfare: | | | | |
| Buildings | 2 | 2 | 2 | 1 |
| Vehicles | 21 | 24 | 23 | 23 |
| Public works: | | | | |
| Buildings | 1 | 1 | 1 | 1 |
| Vehicles | 16 | 16 | 16 | 16 |
| Judicial: | | | | |
| Buildings | 3 | 3 | 3 | 3 |
| Vehicles | 3 | 4 | 4 | - |
| Recreation and culture: | | | | |
| Buildings | 15 | 15 | 15 | 15 |
| Vehicles | 3 | 3 | 3 | 3 |
| Parks | 10 | 10 | 10 | 10 |
| Boat | 1 | 1 | 1 | 1 |
| Construction trades: | | | | |
| Vehicles | 8 | 8 | 9 | 9 |
| Medical care facility: | | | | |
| Beds | 240 | 240 | 240 | 240 |
| Sources: | | | | |
| Various County departments | | | | |

Table 17 - Unaudited

| Fiscal Year | | | | | |
|-------------|------|------|------|------|------|
| 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 6 | 5 | 5 | 5 | 5 | 5 |
| 6 | 6 | 6 | 6 | 6 | 6 |
| 98 | 92 | 91 | 90 | 95 | 97 |
| 9 | 9 | 9 | 9 | 9 | 12 |
| 4 | 4 | 2 | 2 | 4 | 4 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 1 | 2 |
| 4 | 4 | 4 | 4 | 4 | 4 |
| 30 | 28 | 28 | 28 | 26 | 24 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 15 | 15 | 15 | 14 | 14 | 19 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 17 | 17 | 18 | 17 | 18 | 17 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 3 | 3 | 3 | 3 | 3 | 3 |
| 18 | 18 | 18 | 18 | 16 | 16 |
| 3 | 3 | 4 | 5 | 3 | 6 |
| 10 | 10 | 10 | 10 | 10 | 10 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 9 | 10 | 10 | 11 | 12 | 15 |
| 240 | 221 | 221 | 221 | 221 | 221 |

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SINGLE AUDIT ACT COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE

June 21, 2016

Board of Commissioners
Grand Traverse County, Michigan
Traverse City, Michigan

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 *Grand Traverse County, Michigan* (the "County") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 21, 2016, 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

| Federal Agency / Cluster / Program Title | CFDA Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|---|-------------|----------------|-------------------------------|----------------------|
| U.S. Department of Agriculture | | | | |
| Women, Infant and Children (WIC) Program | 10.557 | MDHHS | 20151735-04 | \$ 398,171 |
| WIC Breastfeeding | 10.557 | MDHHS | 20151735-04 | 48,135 |
| Total U.S. Department of Agriculture | | | | 446,306 |
| U.S. Department of Commerce | | | | |
| Michigan Coastal Zone Management Grant | 11.419 | MDEQ | NA15NOS4190163 | 9,695 |
| U.S. Department of Housing and Urban Development | | | | |
| Community Development Block Grant/Entitlement Grant: | | | | |
| Community Development Block Grant | 14.218 | MSHDA | MSC-2012-0781-HOA | 72,922 |
| State Administered Community Development Block Grant: | | | | |
| Neighborhood Enterprise Zone | 14.228 | MSHDA | MSC-2009-0781-HO | 46,928 |
| Total U.S. Department of Housing and Urban Development | | | | 119,850 |
| U.S. Department of Justice | | | | |
| Juvenile Accountability Block Grant: | | | | |
| FY 2013 | 16.523 | MDHHS | JABGN13-2801 | 2,477 |
| Safe Haven Supervised Visitation and Safe Exchange Program: | | | | |
| FY 2013 | 16.527 | Direct | 2013-FLAX-K013 | 170,017 |
| Bullet Proof Vest | 16.607 | Direct | -n/a- | 3,266 |
| JAG Program Cluster: | | | | |
| Anti-Drug Abuse Act-TNT Officer | 16.738 | COOM | 2013-MU-BX-0051 | 1,491 |
| Anti-Drug Abuse Act-TNT Officer | 16.738 | COOM | 2013-DJ-BX-0109 | (189) |
| | | | | 1,302 |
| Total U.S. Department of Justice | | | | 177,062 |
| U.S. Department of Transportation | | | | |
| Hazardous Materials Emergency Preparedness Grant | 20.703 | MSP | -n/a- | 1,570 |
| U.S. Environmental Protection Agency | | | | |
| Brownfields Assessment and Cleanup | | | | |
| Cooperative Agreements | 66.818 | Direct | BF-00E00389-0 | 81,393 |
| U.S. Department of Health and Human Services | | | | |
| Public Health Emergency Preparedness: | | | | |
| Bioterrorism - Supplemental | 93.069 | MDHHS | 20151735-04 | 129,796 |
| Bioterrorism - Supplemental - Regional EPI | 93.069 | MDHHS | 20151735-04 | 7,327 |
| PHEP - Ebola Virus Disease | 93.069 | MDHHS | 20151735-04 | 9,971 |
| Ebola Active Monitoring | 93.069 | MDHHS | 20152567 | 1,300 |
| | | | | 148,394 |

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2015

| Federal Agency / Cluster / Program Title | CFDA Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|--|-------------|----------------|-------------------------------|----------------------|
| U.S. Department of Health and Human Services (concluded) | | | | |
| Family Planning Services | 93.217 | MDHHS | 20151735-04 | \$ 19,596 |
| Immunization: | | | | |
| Immunization & Vaccine Program | 93.268 | MDHHS | 20151735-04 | 39,144 |
| Vaccines (non-cash assistance) | 93.268 | MDHHS | 20151735-04 | 116,778 |
| | | | | <u>155,922</u> |
| Immunization Action Plan PPHF Capacity Building Assistance | 93.539 | MDHHS | 20151735-04 | 6,795 |
| Child Support Enforcement: | | | | |
| Title IV-D - Incentive Payments | 93.563 | MDHHS | CSFOC13-28001 | 182,622 |
| Title IV-D - Friend of the Court | 93.563 | MDHHS | CSFOC13-28001 | 1,131,187 |
| Title IV-D - Prosecuting Attorney | 93.563 | MDHHS | CSPA13-28002 | 94,518 |
| | | | | <u>1,408,327</u> |
| Medicaid: | | | | |
| Medical Assistance Program - Medicaid Outreach | 93.778 | MDHHS | 20151735-04 | 288,230 |
| CSHCS - Medical Assistance Program | 93.778 | MDHHS | 20151735-04 | 20,000 |
| CSHCS - Medical Assistance Program (MDCH Outreach) | 93.778 | MDHHS | 20151735-04 | 20,609 |
| | | | | <u>328,839</u> |
| Maternal and Child Health Services Block Grant | 93.994 | MDHHS | 20151735-04 | 35,969 |
| Family Planning Services | 93.994 | MDHHS | 20151735-04 | 9,407 |
| | | | | <u>45,376</u> |
| Total U.S Department of Health and Human Services | | | | 2,113,249 |
| U.S. Department of Homeland Security | | | | |
| Emergency Management Performance | 97.042 | MSP | EMW-2015-EP-00029-S01 | 28,762 |
| Emergency Management Performance - Supplemental | 97.042 | MSP | EMW-2014-EP-00023 | 1,612 |
| | | | | <u>30,374</u> |
| State Homeland Security Grant Program: | | | | |
| FY 2013 | 97.067 | COOM | EMW-2013-SS-00049 | 1,414 |
| FY 2013 (noncash assistance) | 97.067 | COCM | EMW-2013-SS-00049 | 2,468 |
| FY 2014 | 97.067 | COOM | EMW-2014-SS-00059 | 2,721 |
| | | | | <u>6,603</u> |
| Total U.S. Department of Homeland Security | | | | 36,977 |
| Total Expenditures of Federal Awards | | | | \$ 2,986,102 |

concluded

See notes to schedule of expenditures of federal awards.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Grand Traverse County, Michigan (the “County”) under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because this Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County.

The County’s reporting entity is defined in Note 1 of the County’s Comprehensive Annual Financial Report. The County’s financial statements include the operations of the Grand Traverse County Road Commission discretely presented component unit, which received federal awards that are not included in the Schedule for the year ended December 31, 2015, as this entity was separately audited.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 to the County’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The County receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

| Pass-through Agency Abbreviation | Pass-through Agency Name |
|----------------------------------|--|
| COCM | County of Crawford, Michigan |
| COOM | County of Otsego, Michigan |
| MDEQ | Michigan Department of Environmental Quality |
| MDHHS | Michigan Department of Health and Human Services |
| MSP | Michigan State Police |
| MSHDA | Michigan State Housing Development Authority |

GRAND TRAVERSE COUNTY, MICHIGAN

■ Notes to Schedule of Expenditures of Federal Awards

4. RECONCILIATION OF FEDERAL REVENUE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Below is a reconciliation of federal revenues as reported in the County's Comprehensive Annual Financial Report and federal expenditures as reported in the County's Schedule of Expenditures of Federal Award.

Federal revenues as reported in the
Comprehensive Annual Financial Report:

| | |
|---------------------------|--------------|
| Governmental funds | \$ 4,731,611 |
| Brownfield component unit | 527,152 |
| Land bank component unit | 9,695 |

Federal expenditures reported on the prior year

Schedule of Expenditures of Federal Awards:

| | |
|---------------------------|-----------|
| Brownfield component unit | (527,152) |
|---------------------------|-----------|

Less: Amounts deemed to be contractor relationships

(1,755,204)
\$ 2,986,102

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

June 21, 2016

Board of Commissioners
Grand Traverse County, Michigan
Traverse City, 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 the *Grand Traverse County, Michigan* (the "County"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 21, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 certain deficiency in internal control over financial reporting that we consider to be a material weakness and another that 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 item 2015-001 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 deficiency described in the accompanying schedule of findings and questioned costs as item 2015-002 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

Grand Traverse County, Michigan's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The 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 County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is fluid and cursive, with "Rehmann" and "Lohman" stacked vertically and "LLC" to the right.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

June 21, 2016

Board of Commissioners
Grand Traverse County, Michigan
Traverse City, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the *Grand Traverse County, Michigan* (the "County") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2015. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of the Grand Traverse County Road Commission, a discretely presented component unit. Our audit of the County, described below, did not include the operations of the Grand Traverse County Road Commission because that component unit arranged for a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County'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 the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2015-004. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

Management of the 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 the 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-003 that we consider to be a significant deficiency.

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

Purpose of this Report

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rehmann Johnson LLC

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X yes no

Significant deficiency(ies) identified? X yes none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X yes no

Identification of major programs:

CFDA Number

93.563

Name of Federal Program or Cluster

Child Support Enforcement

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes X no

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

2015-001 - Prior Period Adjustment and Material Audit Adjustments (Repeat Matter)

Finding Type. Material Weakness in Internal Control over Financial Reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. The County had a number of long-term loans outstanding which were fully offset by deferred inflows. The County has elected to change this presentation to remove the deferred inflows, and instead reflect restricted fund balance, as the County believes this policy is more consistent with the provisions of GASB Statement 54, which requires the long-term portion of loans and notes receivable to be reported as restricted fund balance, as these loans were initially made using grant funds, and the proceeds from the collection of these loans will be restricted for reinvestment into the grant program.

Additionally, we identified and proposed certain material adjustments (which were approved and posted by management) to adjust the County's general ledger to the appropriate balances. In our opinion, these adjustments were material to the County's financial statements. These adjustments included accounting for a bond refunding and the offsetting loans receivable within the Department of Public Works (DPW) component unit; recognize local contributions and principal payments within the Brownfield component unit; to balance pooled cash and recognize the tax revenue owed to the Road Commission component unit; and for the restatement described above.

Cause. This condition was the result of three primary causes: 1) the Finance Department determined it was preferable to eliminate the deferred outflows of resources, 2) an oversight in needing to adjust for bond refunding and an offsetting lease receivable, and 3) recording a cash transfer for taxes not disbursed until after year-end.

Effect. As a result of this condition, the County's accounting records were initially misstated by amounts material to certain individual opinion units.

Recommendation. The adjustments referenced above have been reviewed by management, posted to the County's records, and are reported correctly in the County's financial statements. We recommend the County review year-end closing procedures to prevent such oversights from occurring in the future.

View of Responsible Officials. Grand Traverse County management understands that it has the sole responsibility for maintaining accounting records in accordance with generally accepted accounting principles (GAAP). The County Finance department will implement additional controls relating to Brownfield grant revenues which will include direct verification with the appropriate State agency to determine the nature and source of the grant revenue to ensure the revenue is appropriately accounted for and classified. The County Finance department, as part of our year-end review procedures, will also review the Pavilions tax revenue and related deferred tax revenue to be certain the transactions are properly recorded.

GRAND TRAVERSE COUNTY, MICHIGAN

■ Schedule of Findings and Questioned Costs For the Year Ended December 31, 2015

■ SECTION II - FINANCIAL STATEMENT FINDINGS

2015-002 - Review of Pavilions General Journal Entries

Finding Type. Significant Deficiency in Internal Control over Financial Reporting.

Criteria. Journal entries, which are an essential part of any accounting system, present an opportunity to enter information in the accounting records in a way that bypasses normal internal controls. Accordingly, the County should have a system in place to ensure that all journal entries made to the accounting records are reviewed and approved in a timely manner.

Condition. The County uses manual journal entries to account for numerous transactions in the general ledger. We noted a total of seven instances (out of a sample of 18 items selected for testing) in which evidence of review of journal entries was not documented. All of these adjustments were entries initiated by the Pavilions medical care facility.

Cause. The Pavilions' current review process is limited to certain types of entries and historically has not been applied to all manual adjustments.

Effect. As a result of this condition, the County was exposed to increase risk of a misstatement due to an error or fraud.

Recommendation. We recommend that all journal entries be reviewed at least monthly to ensure that misstatements, whether caused by error or fraud, are detected and corrected in a timely manner. This review should be documented by the reviewer's initials and date the review occurred.

View of Responsible Officials. Management at the Pavilions accepts the audit comment and will take necessary steps to insure increased review of journal entries drafted and posted.

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-003 - Documented Approval of Grant Disbursements

Finding Type. Significant Deficiency in Internal Control over Compliance (Allowable Costs/Cost Principles).

Program. Child Support Enforcement; U.S. Department of Health and Human Services; CFDA Number 93.563; Passed through the Michigan Department of Health and Human Services; Award Numbers CSFOC13-28001 and CSPA13-28002.

Criteria. Entities receiving federal funding should have internal controls in place to ensure that each item charged to a grant is appropriate and is adequately supported. The support for each transaction should have documented evidence of independent review and approval.

Condition. Various charges allocated to the Child Support Enforcement award were selected for review during our audit. Of the total 40 disbursements reviewed, 3 transactions did not have evidence of review and approval. These transactions were all expense reimbursements to employees.

Cause. This condition is due to the lack of internal controls in place requiring an independent review of expense reimbursements submitted by the office manager.

Effect. As a result of this condition, the County failed to fully comply with the documentation requirements of the Uniform Guidance.

Questioned Costs. No costs were questioned as a result of this finding, inasmuch as the amounts charged to the program appear to be allowable.

Recommendation. We recommend that all employee expense reimbursements be reviewed by an independent employee. This should be documented by the reviewer signing or initialing the support for the transaction.

View of Responsible Officials. Management agrees all employee expense reimbursements should be reviewed by an independent employee. The County will begin having an independent employee review all employee expense reimbursements.

GRAND TRAVERSE COUNTY, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2015

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-004 - Written Policies Required by the Uniform Grant Guidance

Finding Type. Immaterial Noncompliance (Allowable Costs/Cost Principles and Cash Management).

Program. Child Support Enforcement; U.S. Department of Health and Human Services; CFDA Number 93.563; Passed through the Michigan Department of Health and Human Services; Award Numbers CSFOC13-28001 and CSPA13-28002.

Criteria. The Uniform Grant Guidance requires a non-federal entity that has expended federal awards for a grant awarded on or after December 26, 2014 to have written policies pertaining to: 1) Payments (draws of federal funds and how to minimize the time elapsing between the receipt of federal funds and the disbursement to contractors/employees/subrecipients) (\$200.302 (6)); and 2) Allowability of costs charged to federal programs (\$200.302 (7)).

Condition. Although the County has processes in place to cover these areas, there are no formal written policies covering payments and allowability of costs.

Cause. This condition appears to be the result of a time lag in identifying this new requirement and developing a plan for compliance.

Effect. As a result of this condition, the County did not fully comply with the Uniform Grant Guidance applicable to the above noted grants.

Questioned Costs. No costs were required to be questioned as a result of this finding inasmuch as our testing revealed any unallowed costs or excess cash draws.

Recommendation. We are aware that the County is evaluating options using internal and external resources to take corrective action. We recommend that the County proceed with its selected option as soon as practical, but no later than the end of fiscal year 2016.

View of Responsible Officials. The County will continue evaluating options to take corrective action and get formal written policies covering payments and allowability of cost in place.



GRAND TRAVERSE COUNTY, MICHIGAN

■ **Summary Schedule of Prior Audit Findings** For the Year Ended December 31, 2015

2014-001 - Material Audit Adjustments (Repeat Matter)

During the prior year audit, certain material audit adjustments were identified and proposed by the auditor to adjust the County's general ledger to the appropriate balances. Material adjustments were identified as a result of the audit process again in the current year. Refer to finding 2015-001.

2014-002 - Preparation of a Schedule of Expenditures of Federal Awards

The original Schedule of Expenditures of Federal Awards excluded certain material awards. Similar adjustments were not required this year. This matter is considered resolved.

■ ■ ■ ■ ■