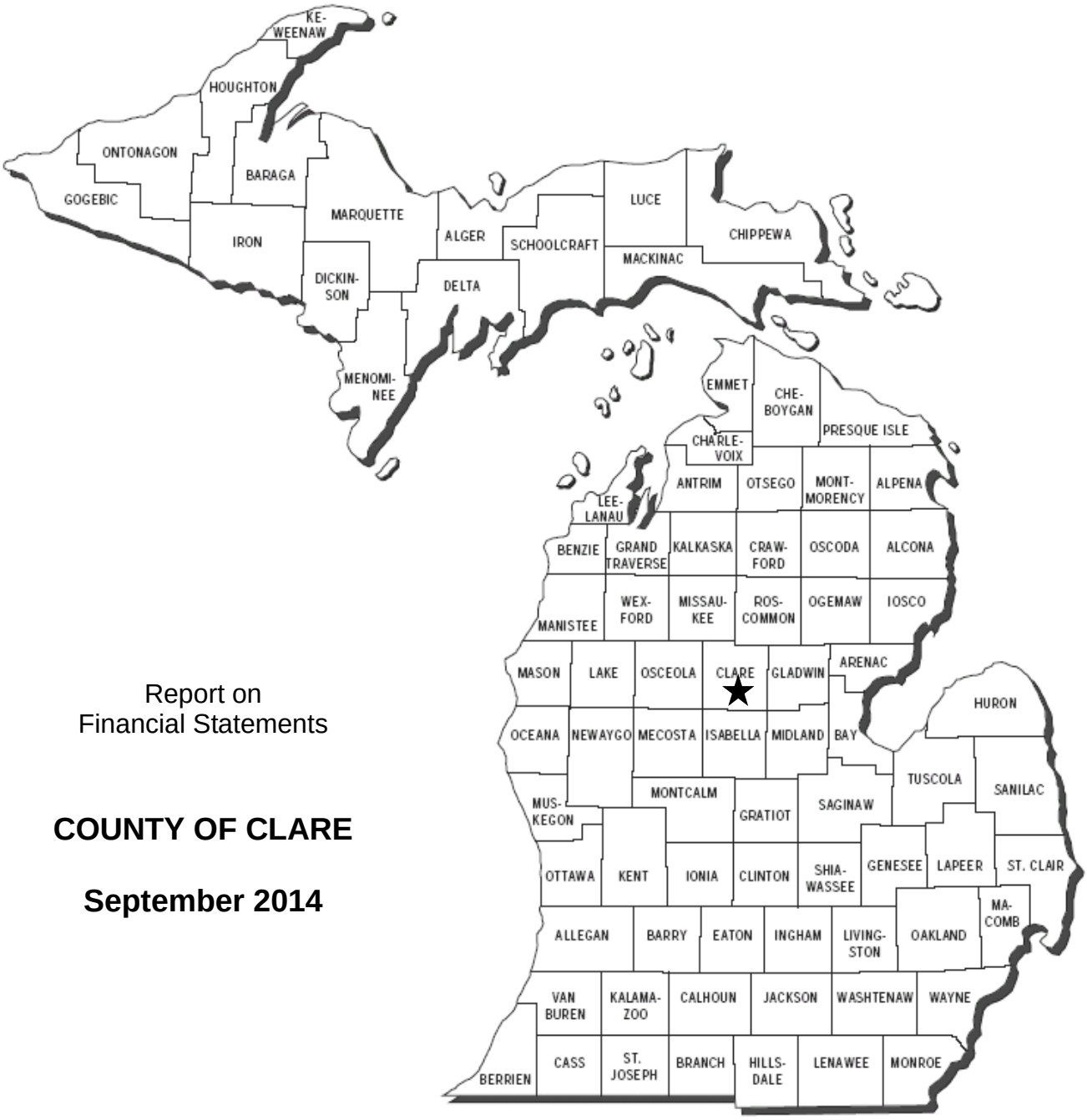
STATE OF MICHIGAN

Rick Snyder, Governor

DEPARTMENT OF TREASURY

R. Kevin Clinton, State Treasurer



Report on
Financial Statements

COUNTY OF CLARE

September 2014

Local Audit and Finance Division
Bureau of Local Government Services

CLARE COUNTY, MICHIGAN

BOARD OF COMMISSIONERS

Jack Kleinhardt
Chairperson

Dale Majewski
Samantha Pitchford
Leonard Strouse

Donald David
Karen Lipovsky
Jim Gelios

COURT JUDGES

Thomas Evans
Circuit Judge

Roy Mienk
Circuit Judge

Joshua Farrell
District Judge

Marcy A. Klaus
Probate Judge

OTHER ELECTED OFFICIALS

Pamela Mayfield
Clerk/Register of Deeds
and Abstractor

Paul Lapham
Surveyor

John Wilson
Sheriff

Carl J. Parks
Drain Commissioner

Jenny Beemer-Fritzinger
Treasurer

Michelle Ambrozaitis
Prosecuting Attorney

ELECTED ROAD COMMISSIONERS

Julie Lightfoot
Chairperson

Michael Duggan

Richard Haynak

COUNTY POPULATION--2010
30,926

STATE EQUALIZED VALUATION--2014
$1,181,510,532

4425 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

March 17, 2015

Board of County Commissioners
County of Clare
225 West Main Street
P.O. Box 438
Harrison, Michigan 48625

Independent Auditor's Report

Dear Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clare, Michigan, as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the County of Clare's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Clare County Transit Corporation (enterprise fund) which represent 44% and 58%, respectively, of the assets and revenues of the business-type funds. We did not audit the financial statements of the Clare County Road Commission (special revenue component unit) which represents 97% and 99%, respectively, of the assets and revenues of the component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Clare County Transit Corporation and the Clare County Road Commission, is based solely on the reports of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the

Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clare, Michigan, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles general accepted in the United States of America require that the management's discussion and analysis on pages 1 through 9, the budgetary comparison information in Exhibits K, L and M, and the schedules of funding progress for pensions and other postemployment benefits be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Clare's basic financial statements. The accompanying supplementary and related information presented as Exhibits N through V-4 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information presented in Exhibits N through V-4 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. 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 statement 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 Exhibits listed above are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2015 on our consideration of the County of Clare's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Clare's internal control over financial reporting and compliance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Clare's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by US Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining and individual non-major fund financial statements are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The combining, individual non-major fund financial statements and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors are fairly stated in all material respects in relation to the basic financial statements, taken as a whole.

Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

CLARE COUNTY

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COUNTY OF CLARE

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended September 30, 2014

Our discussion and analysis of the County of Clare's financial performance provides an overview of the financial activities for the fiscal year ended September 30, 2014. This discussion and analysis is designed to: a) assist the reader in focusing on significant financial issues; b) provide an overview of the County's financial activity; c) identify changes in the County's financial position (its ability to address the next and subsequent year challenges); d) identify any material deviations from the approved budget; and e) identify any issues or concerns.

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the County, as a whole, and present a longer-term view of the County's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the County's operations in more detail than the government-wide financial statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside of the government.

Overview of the Financial Statements

This annual report consists of four parts: management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an additional section that presents supplementary information and schedules. The basic financial statements include two kinds of statements that present different views of the County.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status. These statements report information about the County, as a whole, using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. The Statement of Net Position and the Statement of Activities provide information about the activities of the County and present a longer-term view of the County's finances. The two government-wide statements report the County's net assets and how they have changed. In the Statement of Net Position and the Statement of Activities we divide the County into three kinds of activities:

    - *Governmental Activities*--Most of the County's basic services are reported here, including the general government, public safety, health and welfare, and cultural and recreation. Property taxes, State and Federal Grants and charges for services finance most of these activities.

- *Business-Type Activities*--The County charges a fee to customers to help it cover all or most of the cost of certain services it provides. The County's delinquent tax revolving fund, public transit, and jail commissary funds are reported here.
- *Component Units*--The County includes two separate legal entities in its report: the County Road Commission, and Drain Commission. Although legally separate, these "component units" are important because the County is financially accountable for them.

- The remaining statements are fund financial statements and provide detailed information about the most significant funds, not the County as a whole. Some funds are required to be established by State law and by bond covenants. However, the County establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that focus on individual funds; reporting the operations in more detail than the government-wide statements. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. The County's two kinds of funds, governmental and proprietary, use different accounting approaches.

  - *Governmental Funds*--Most of the County's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliations on exhibits following the fund statements.

  - *Proprietary Funds*--When the County charges customers for the services it provides, these are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and Statement of Activities. In fact, the County's enterprise funds are the same as business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

  - *Fiduciary Funds*--The County is the fiduciary agent acting in various capacities for others. All of the County's fiduciary activities are reported in a separate Statement of Net Position for Fiduciary Funds. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The County as a Whole

The County's net position for the governmental funds increased $400,105 or 4% from the prior fiscal year for the governmental activities. The County's net position for the business-type activities decreased $310,092 or 2% from the prior fiscal year. In a condensed format, the tables below show a comparison of the net position as of the current year to the prior year.

	Governmental Activities 2013	Governmental Activities 2014	Difference	Percent
Current Assets	$ 6,982,883	$ 7,518,442	$ 535,559	8%
Noncurrent Assets	4,133,511	4,113,918	(19,593)	0%
Total Assets	11,116,394	11,632,360	515,966	5%
Current Liabilities	589,426	711,079	121,653	21%
Noncurrent Liabilities	1,457,358	1,451,566	(5,792)	0%
Total Liabilities	2,046,784	2,162,645	115,861	6%
Net Position				
Net Investment in Capital Assets	3,264,852	3,276,462	11,610	0%
Restricted	4,347,044	4,311,415	(35,629)	-1%
Unrestricted	1,457,714	1,881,838	424,124	29%
Total Net Position	$ 9,069,610	$ 9,469,715	$ 400,105	4%

Restricted net positions are those net assets that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charges or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specified purpose stipulated in the legislation. All assets as such (except for Net Investment in Capital Assets which are net of related debt) are considered restricted.

A portion of the County's net position in the amount of $3,276,462 reflects its investments in capital assets (i.e., land, buildings, vehicles, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to the citizens of Clare County; 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, $4,311,415, represents resources which are subject to external restrictions on how they may be used. The remaining balance of $1,881,838 represents "unrestricted net position" that may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the 2014 fiscal year, the County is able to report positive balances in all three categories of net position, both from a government as a whole, as well as for separate governmental and business activities, as explained above.

	Business-Type Activities 2013	Business-Type Activities 2014	Difference	Percent
Other Assets	$ 8,844,895	$ 8,869,118	$ 24,223	0%
Capital Assets	5,101,117	4,750,350	(350,767)	-7%
Total Assets	13,946,012	13,619,468	(326,544)	-2%
Other Liabilities	162,428	145,976	(16,452)	-10%
Total Liabilities	162,428	145,976	(16,452)	-10%
Net Position				
Net Investment in Capital Assets	5,101,117	4,750,350	(350,767)	-7%
Unrestricted	8,682,467	8,723,142	40,675	0%
Total Net Position	$ 13,783,584	$ 13,473,492	$ (310,092)	-2%

The following table shows the changes of the net position for the fiscal years ended September 30, 2013 and September 30, 2014:

	Governmental Activities 2013	Governmental Activities 2014	Difference	Percent
Program Revenues				
Charges for Services	$ 2,427,696	$ 3,405,043	$ 977,347	40%
Operating Grants and Contributions	2,584,308	2,763,599	179,291	7%
General Revenues				
Property Taxes	6,479,716	6,434,819	(44,897)	-1%
Unrestricted Investment Earnings	16,328	20,357	4,029	25%
Other Revenues	1,279,542	1,451,549	172,007	13%
Total Revenues	12,787,590	14,075,367	1,287,777	10%
Program Expenses				
General Government	4,320,644	4,535,342	214,698	5%
Public Safety	5,807,671	5,960,541	152,870	3%
Public Works	101,339	24,721	(76,618)	-76%
Health and Welfare	1,940,066	2,370,051	429,985	22%
Community and Economic Development	138,902	338,092	199,190	143%
Recreation and Culture	12,992	13,794	802	6%
Other	1,147,607	1,168,476	20,869	2%
Interest on Long-Term Debt	23,243	19,363	(3,880)	-17%
Total Expenses	13,492,464	14,430,380	937,916	7%
Increase (Decrease) in Net Position Before Transfers	(704,874)	(355,013)	349,861	-50%
Transfers In (Out)	705,047	755,118	50,071	7%
Change in Net Position	173	400,105	399,932	231175%
Beginning Net Position	9,069,437	9,069,610	173	0%
Ending Net Position	$ 9,069,610	$ 9,469,715	$ 400,105	4%

The County's total governmental revenues increased $1,287,777 or 10%. This was due to an increase in charges for services. Expenses increased $937,916 or 7% as the public safety, health and welfare as well as community and economic development increased overall expenditures.

Business-Type Activities

The County's business-type activities consist of the Delinquent Tax Fund, the Transit Fund, the Tax Foreclosure Fund, as well as the Lank Bank Authority Fund, the Tax Anticipation Fund, and the Jail Commissary Fund. The County's net position for business-type activities decreased during 2014 by $310,092 or by 2% from the prior fiscal year. This was due largely to an increase in capital grants and contributions.

	Business-Type Activities 2013	Business-Type Activities 2014	Difference	Percent
Program Revenues				
Charges for Services	$ 1,692,342	$ 1,620,842	$ (71,500)	-4%
Operating Grants and Contributions	1,036,905	1,083,061	46,156	4%
Capital Grants and Contributions	592,471	59,248	(533,223)	-90%
General Revenues				
Property Taxes	306,278	308,152	1,874	1%
Unrestricted Investment Earnings	13,999	27,838	13,839	99%
Total Revenues	3,641,995	3,099,141	(542,854)	-15%
Program Expenses				
Delinquent Tax Fund	385,139	-	(385,139)	-100%
Tax Foreclosure Fund	10,532	338,141	327,609	3111%
Public Transit	2,086,084	2,270,939	184,855	9%
Nonmajor Enterprise	30,729	45,035	14,306	47%
Total Expenses	2,512,484	2,654,115	141,631	6%
Increase in Net Position Before Transfers	1,129,511	445,026	(684,485)	-61%
Transfers	(705,047)	(755,118)	(50,071)	7%
Increase (Decrease) in Net Position	424,464	(310,092)	(734,556)	-173%
Beginning Net Position	13,359,120	13,783,584	424,464	3%
Ending Net Position	$ 13,783,584	$ 13,473,492	$ (310,092)	-2%

The County's Funds

The financial statements for the County's major funds are detailed in Exhibits C and D, following the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the County as a whole. The County Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millage. The County's major funds for 2014 include the General Fund, Gypsy Moth Fund, Community Development Escrow Fund, Transit Fund, Tax Foreclosure Fund, and the Delinquent Tax Revolving Fund.

The General Fund is the chief operating fund of the County. Unless otherwise required by statute, contractual agreement, or board policy, all County revenues and expenditures are recorded in the General Fund.

Capital Asset and Debt Administration

Capital Assets

At the end of fiscal year 2014, the County (primary government) had $8,781,083 invested in a broad range of capital assets (refer to the table below), including land, land improvements, buildings and building improvements, office equipment, and police vehicles and equipment.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2014	2013	2014	2013	2014
Land	$ 108,326	$ 127,826	$ -	$ -	$ 108,326	$ 127,826
Building and Improvements	2,962,184	2,998,286	4,205,470	4,072,626	7,167,654	7,070,912
Vehicles	390,482	317,752	7,333,539	558,384	7,724,021	876,136
Furniture and Equipment	598,334	586,869	162,108	119,340	760,442	706,209
Total	$4,059,326	$ 4,030,733	$11,701,117	$4,750,350	$15,760,443	$8,781,083

The County's governmental activities had invested $4,030,733, net of accumulated depreciation, Major additions in the to the capital assets of the County in the current fiscal year included building and improvements (Seniors meal site facility and airport renovations), public safety equipment and vehicles for the Sheriff's Department. These additions totaled $527,647. Depreciation charges for the fiscal year totaled $499,016. The County's business-type activities had invested $4,750,350, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for the fiscal year totaled $403,698, with capital additions in the amount of $52,931.

The most significant impact on capital assets during the year resulted from an increase in vehicles in the governmental activities and a decrease in vehicles however with an overall increase in capital assets in the business-type activities. More detailed information about the County's capital assets is presented in Note F to the financial statements.

Long-Term Debt

Debt is classified as long-term if it matures in a period greater than one year. At the end of the current fiscal year, the County (primary government) had total debt outstanding of $1,276,849 which includes vested employee benefits of $404,050. The County's long-term debt and other long-term obligations for the primary government may by summarize as follows:

	Governmental Activities	
	2013	2014
Note - Building Boilers	$ 66,590	$ 45,885
Building Authority Bonds	596,000	499,000
Equipment Lease Copy Machines	59,825	28,160
Brownfield Redev-lopment Loan	132,068	118,528
Note - Building Roof	46,000	38,000
Note - Ford Motor Credit	17,058	8,226
Senior Meal Site Bonds	-	135,000
Compensated Absenses	415,665	404,050
Total	$ 1,333,206	$ 1,276,849

During the year, the County entered into a bond agreement for the purchase of a Seniors meal site. More detailed information about the County's long term debt for the primary government is presented in Note H to the financial statements.

General Fund Budgetary Highlights

Over the course of the year, the County Board amended the budget to take into account events during the year. During the fiscal year, the County's General Fund revenue budget increased $1,498,881 or approximately 14.05% above the original budget. Actual General Fund revenue and other financing sources totaled $11,818,576, which was $349,120 lower than the final amended budget. The largest variances were in Charges for Services in which the actual revenue came in $198,181 lower than the final budget.

During the fiscal year, the County's expenditure budget increased $735,991 or approximately 6.59% above the original budget. Actual General Fund expenditures and other financing uses totaled $11,376,093, which was $353,847 under the final amended budget. The largest variance was in public safety that was $165,963, less than the final budget.

Economic Factors and Next Year's Budgets and Rates

The major issues being addressed in the 2015 fiscal year involve the County's anticipation of potential decreases in state revenues, level property taxes, and possible reduced or unavailable revenue from state and federal grants. The County is also working on additional required services that are not being covered by additional revenue. There are also increased demands for increased expenditures from County departments.

Contacting the County's Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the County's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Clare County Administrator's Office, 225 West Main Street, P.O. Box 438, Harrison, Michigan 48625.

CLARE COUNTY **EXHIBIT A**
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2014

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	Total	Component Units
ASSETS				
Current Assets				
Cash and Bank Deposits	$ 3,545,327	$ 4,246,569	$ 7,791,896	$ 4,018,631
Investments	475,829	1,902,715	2,378,544	522,412
Receivables				
Summer Taxes	809,402	-	809,402	-
Taxes--Delinquent	-	2,364,164	2,364,164	-
Accounts	567,847	22,602	590,449	550
Loans	1,786,616	-	1,786,616	-
Due From Federal Government	30,885	-	30,885	-
Due From State	201,417	-	201,417	801,299
Due From Local Units of Governments	101,119	180	101,299	174,800
Due From Other Funds --Component Units		80,000	80,000	
Prepaid Expenses	-	25,376	25,376	-
Cash on Deposit With Agent	-	227,512	227,512	-
Inventories	-	-	-	313,330
Total Current Assets	7,518,442	8,869,118	16,387,560	5,831,022
Noncurrent Assets				
Capital Assets--Net of Accumulated Depreciation	3,902,907	4,750,350	8,653,257	27,227,975
Capital Assets--Nondepreciating	127,826	-	127,826	187,883
Long-Term Advances to Other Funds--Component Units	83,185	-	83,185	-
Total Noncurrent Assets	4,113,918	4,750,350	8,864,268	27,415,858
Total Assets	11,632,360	13,619,468	25,251,828	33,246,880

CLARE COUNTY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2014

EXHIBIT A
(CONTINUED)

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	525,455	104,530	629,985	416,941
Due to Other Funds--Primary Government				80,000
Due to Other Government Units	-	114	114	
Accrued Liabilities	185,624	14,703	200,327	-
Total Current Liabilities	711,079	119,347	830,426	496,941
Long-Term Liabilities				
Advances From State	-	-	-	334,084
Long-Term Advances From				
Other Funds--Primary Government	-	-	-	83,185
Brownfield Redevelopment Loan Payable				
Due Within One Year	13,810	-	13,810	-
Due In More Than One Year	104,718	-	104,718	-
Bonds Payable				
Due Within One Year	101,000	-	101,000	-
Due In More Than One Year	533,000	-	533,000	-
Notes Payable				
Due Within One Year	9,000	-	9,000	
Due In More Than One Year	29,000	-	29,000	-
Installment Purchase Agreements Payable				
Due Within One Year	57,935	-	57,935	-
Due in More Than One Year	24,336	-	24,336	-
Vested Employee Benefits Payable				
Due Within One Year	292,608	-	292,608	-
Due In More Than One Year	111,442	26,629	138,071	200,307
Post-Employment Benefit Liabilities	174,717	-	174,717	1,582,128
Total Noncurrent Liabilities	1,451,566	26,629	1,478,195	2,199,704
Total Liabilities	2,162,645	145,976	2,308,621	2,696,645
Net Position				
Net Investment in Capital Assets	3,276,462	4,750,350	8,026,812	27,415,858
Restricted	4,311,415	-	4,311,415	3,134,377
Unrestricted	1,881,838	8,723,142	10,604,980	-
Total Net Position	$ 9,469,715	$ 13,473,492	$ 22,943,207	$ 30,550,235

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY
GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2014

EXHIBIT A
(CONTINUED)

	PRIMARY GOVERNMENT			
	Governmental Activities	Business-Type Activities	Total	Component Units
LIABILITIES AND NET ASSETS				
Current Liabilities				
Accounts Payable	525,455	104,530	629,985	416,941
Due to Other Funds--Primary Government				80,000
Due to Other Government Units	-	114	114	
Accrued Liabilities	185,624	14,703	200,327	-
Total Current Liabilities	711,079	119,347	830,426	496,941
Long-Term Liabilities				
Advances From State	-	-	-	334,084
Long-Term Advances From				
Other Funds--Primary Government	-	-	-	83,185
Brownfield Redevelopment Loan Payable				
Due Within One Year	13,810	-	13,810	-
Due In More Than One Year	104,718	-	104,718	-
Bonds Payable				
Due Within One Year	101,000	-	101,000	-
Due In More Than One Year	533,000	-	533,000	-
Notes Payable				
Due Within One Year	9,000	-	9,000	
Due In More Than One Year	29,000	-	29,000	-
Installment Purchase Agreements Payable				
Due Within One Year	57,935	-	57,935	-
Due in More Than One Year	24,336	-	24,336	-
Vested Employee Benefits Payable				
Due Within One Year	292,608	-	292,608	-
Due In More Than One Year	111,442	26,629	138,071	200,307
Post-Employment Benefit Liabilities	174,717	-	174,717	1,582,128
Total Noncurrent Liabilities	1,451,566	26,629	1,478,195	2,199,704
Total Liabilities	2,162,645	145,976	2,308,621	2,696,645
Net Position				
Net Investment in Capital Assets	3,276,462	4,750,350	8,026,812	27,415,858
Restricted	4,311,415	-	4,311,415	3,134,377
Unrestricted	1,881,838	8,723,142	10,604,980	-
Total Net Position	$ 9,469,715	$ 13,473,492	$ 22,943,207	$ 30,550,235

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT B**
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2014

		PROGRAM REVENUES		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General Government	$ 4,535,342	$ 1,229,185	$ 830,441	$ -
Public Safety	5,960,540	2,175,501	813,012	-
Public Works	24,721	-	3,904	-
Health and Welfare	2,370,051	357	910,233	-
Community and Economic Development	338,092	-	206,009	-
Recreation and Culture	13,794	-	-	-
Other	1,168,476	-	-	-
Interest on Long-Term Debt	19,363	-	-	-
Total Governmental Activities	14,430,379	3,405,043	2,763,599	-
Business-Type Activities				
Delinquent Tax Revolving	-	437,534	-	-
Tax Foreclosure	327,758	753,066	-	-
Interest Expense	10,383	-	-	-
Public Transit	2,270,939	331,263	1,083,061	59,249
Non-Major Enterprise	45,035	98,979	-	-
Total Business-Type Activities	2,654,115	1,620,842	1,083,061	59,249
Total Primary Government	$ 17,084,494	$ 5,025,885	$ 3,846,660	$ 59,249
Component Units				
Road Commission	$ 7,219,889	$ 1,110,232	$ 4,917,730	$ -
Drain Commission	39,531	18,502	21	-
Interest on Long-Term Debt	612	-	-	-
Total Component Units	$ 7,260,032	$ 1,128,734	$ 4,917,751	$ -

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended September 30, 2014

EXHIBIT B
(CONTINUED)

	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	PRIMARY GOVERNMENT			
Functions/Programs	Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government				
Governmental Activities				
General Government	$ (2,475,716)	$ -	$ (2,475,716)	$ -
Public Safety	(2,972,027)	-	(2,972,027)	-
Public Works	(20,817)	-	(20,817)	-
Health and Welfare	(1,459,461)	-	(1,459,461)	-
Community and Economic Development	(132,083)	-	(132,083)	-
Recreation and Culture	(13,794)	-	(13,794)	-
Other	(1,168,476)	-	(1,168,476)	-
Interest on Long-Term Debt	(19,363)	-	(19,363)	-
Total Governmental Activities	(8,261,737)	-	(8,261,737)	-
Business-Type Activities				
Delinquent Tax Revolving	-	437,534	437,534	-
Tax Foreclosure	-	425,308	425,308	-
Interest Expense		(10,383)	(10,383)	
Public Transit	-	(797,366)	(797,366)	-
Non-Major Enterprise	-	53,944	53,944	-
Total Business-Type Activities	-	109,037	109,037	-
Total Primary Government	$ (8,261,737)	$ 109,037	$ (8,152,700)	$ -
Component Units				
Road Commission	$ -	$ -	$ -	$ (1,191,927)
Drain Commission	-	-	-	(21,008)
Interest on Long-Term Debt	-	-	-	(612)
Total Component Units	$ -	$ -	$ -	$ (1,213,547)
General Revenues				
Property Taxes	$ 6,434,819	$ 308,152	$ 6,742,971	$ -
State-Shared Revenues	516,516	-	516,516	-
Unrestricted Investment Earnings	20,357	27,837	48,194	13,467
Rentals	82,190	-	82,190	-
Royalties	343,017	-	343,017	-
Gain on Equipment Disposal				600
Other	509,825	-	509,825	-
Transfers	755,118	(755,118)	-	-
Total General Revenues--Special Items and Transfers	8,661,842	(419,129)	8,242,713	14,067
Change in Net Position	400,105	(310,092)	90,013	(1,199,480)
Net Position--Beginning	9,069,610	13,783,584	22,853,194	31,749,715
Net Position--Ending	$ 9,469,715	$ 13,473,492	$ 22,943,207	$ 30,550,235

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT C**
BALANCE SHEET - GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET
GOVERNMENTAL FUNDS TO THE STATEMENT
OF NET POSITION
September 30, 2014

ASSETS	General	Gypsy Moth	Community Development Escrow	Non-Major Governmental Funds	Total Governmental Funds
Cash and Bank Deposits	$ 1,304,842	$ 843,977	$ 74,818	$ 1,321,690	$ 3,545,327
Investments	405,703	70,126	-	-	475,829
Receivables					
Summer Taxes	809,402	-	-	-	809,402
Accounts	534,721	-	-	33,126	567,847
Loans	-	-	1,781,007	5,609	1,786,616
Due From Federal Government	26,376	-	4,509	-	30,885
Due From State	58,491	-	-	142,926	201,417
Due From Local Units	-	-	-	101,119	101,119
Long-Term Advances to Other Funds--Component Units	83,185	-	-	-	83,185
Total Assets	$ 3,222,720	$ 914,103	$ 1,860,334	$ 1,604,470	$ 7,601,627
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 395,076	$ 4,960	$ -	$ 125,419	$ 525,455
Accrued Liabilities	142,374	2,060	-	41,190	185,624
Total Liabilities	537,450	7,020	-	166,609	711,079
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	572,360	-	1,781,007	5,609	2,358,976
Fund Balances					
Nonspendable	83,185	-	-	-	83,185
Restricted	22,952	907,083	79,327	1,432,252	2,441,614
Unassigned	2,006,773	-	-	-	2,006,773
Total Fund Balances	2,112,910	907,083	79,327	1,432,252	4,531,572
Total Liabilities, Deferred Inflows and Fund Balances	$ 3,222,720	$ 914,103	$ 1,860,334	$ 1,604,470	$ 7,601,627
Fund Balance--Total Governmental Funds					$ 4,531,572
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					4,030,733
Revenues that do not provide current financial resources are not reported as revenue in the funds.					2,358,976
Certain liabilities, such as bonds payable, compensated absences and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.					(1,451,566)
Total Net Position					$ 9,469,715

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT D**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES--GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2014

	General	Gypsy Moth	Community Development Escrow	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and Penalties	$ 5,003,651	$ -	$ -	$ 858,808	$ 5,862,459
Licenses and Permits	75,828	-	-	189,898	265,726
Federal Grants	122,584	-	156,897	467,720	747,201
State Grants	1,276,480	-	-	500,363	1,776,843
Contributions From Local Units	471,054	-	-	-	471,054
Charges for Services	2,863,830	-	-	206,498	3,070,328
Fines and Forfeits	17,890	-	-	65,708	83,598
Interest and Rentals	437,657	3,898	2,460	7,081	451,096
Other Revenue	782,901	4,314	50,705	346,031	1,183,951
Total Revenues	11,051,875	8,212	210,062	2,642,107	13,912,256
Expenditures					
Current					
General Government	3,999,664	28,763	-	362,000	4,390,427
Public Safety	4,694,277	-	-	1,033,150	5,727,427
Public Works	3,048	-	-	14,586	17,634
Health and Welfare	607,299	-	-	1,565,086	2,172,385
Community and Economic Development	22,500	-	273,011	42,581	338,092
Recreation and Culture	13,794	-	-	-	13,794
Other	1,168,476	-	-	-	1,168,476
Capital Outlay	232,754	-	-	294,893	527,647
Debt Service					
Principal	61,204	-	-	118,539	179,743
Interest and Fiscal Fees	6,640	-	-	12,723	19,363
Total Expenditures	10,809,656	28,763	273,011	3,443,558	14,554,988
Excess of Revenues Over (Under) Expenditures	242,219	(20,551)	(62,949)	(801,451)	(642,732)
Other Financing Sources (Uses)					
Bond Proceeds	-	-	-	135,000	135,000
Interfund Transfers In	766,701	-	-	572,235	1,338,936
Interfund Transfers (Out)	(566,438)	-	-	(17,380)	(583,818)
Total Other Financing Sources (Uses)	200,263	-	-	689,855	890,118
Net Change in Fund Balances	442,482	(20,551)	(62,949)	(111,596)	247,386
Fund Balance (Deficit)--October 1, 2013	1,670,427	927,634	142,276	1,543,848	4,284,185
Fund Balance (Deficit)--September 30, 2014	$ 2,112,909	$ 907,083	$ 79,327	$ 1,432,252	$ 4,531,571

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT D-1**

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

For the Fiscal Year Ended September 30, 2014

NET CHANGE IN FUND BALANCES--TOTAL GOVERNMENTAL FUNDS	$ 247,387
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 costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Add--Net Capital Outlay	382,359
Deduct--Net Depreciation Expense	(353,730)
Revenues earned but not available for current resources are not reported in the funds.	
Housing Commission--Loans Paid Out During 2014	5,609
Property Taxes	572,360
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	
Add--Principal Payments on Long-Term Liabilities	179,743
Less--New Loan Proceeds from Capital Improvement Bond	(135,000)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds:	
Transfers	(459,673)
Net (Increase) in Compensated Absences	11,615
Net (Increase) in Other Post-Employment Benefits	(50,565)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 400,105

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2014

EXHIBIT E

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				
ASSETS	Delinquent Tax Revolving	Tax Foreclosure	Public Transit	Non-Major Enterprise Funds	Total Enterprise Funds
Current Assets					
Cash and Bank Deposits	$ 2,253,766	$ 877,828	$ 1,010,637	$ 104,338	$ 4,246,569
Investments	1,501,331	401,384	-	-	1,902,715
Receivables					
Taxes--Delinquent	2,364,164	-	-	-	2,364,164
Accounts	185	6,627	12,924	2,866	22,602
Due From Federal Government	-	-	-	-	-
Due From Local Units	180	-	-	-	180
Due From Other Funds- Component Units	80,000	-	-	-	80,000
Prepaid Expenses	-	-	25,376	-	25,376
Cash on Deposit With Agent	-	-	227,512	-	227,512
Total Current Assets	6,199,626	1,285,839	1,276,449	107,204	8,869,118
Noncurrent Assets					
Capital Assets--Net of Accumulated Depreciation	-	-	4,750,350	-	4,750,350
Total Noncurrent Assets	-	-	4,750,350	-	4,750,350
Total Assets	$ 6,199,626	$ 1,285,839	$ 6,026,799	$ 107,204	$ 13,619,468
LIABILITIES					
Current Liabilities					
Accounts Payable	$ 629	$ 1,956	$ 99,474	$ 2,471	$ 104,530
Accrued Liabilities	-	-	14,703	-	14,703
Due to Other Government Units	114	-	-	-	114
Total Current Liabilities	743	1,956	114,177	2,471	119,347
Noncurrent Liabilities					
Accrued Compensated Absences	-	-	26,629	-	26,629
Total Noncurrent Liabilities	-	-	26,629	-	26,629
Total Liabilities	743	1,956	140,806	2,471	145,976
NET POSITION					
Net Investment in Capital Assets	-	-	4,750,350	-	4,750,350
Unrestricted	6,198,883	1,283,883	1,135,643	104,733	8,723,142
Total Net Position	$ 6,198,883	$ 1,283,883	$ 5,885,993	$ 104,733	$ 13,473,492

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT F**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION--PROPRIETARY FUNDS

For the Fiscal Year Ended September 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				
	Delinquent Tax Revolving	Tax Foreclosure	Public Transit	Non-Major Enterprise Funds	Total Enterprise Funds
Operating Revenues					
Charges for Services	$ -	$ 753,066	$ 331,263	$ 98,979	$ 1,183,308
Interest on Delinquent Taxes	437,534	-	-	-	437,534
Total Operating Revenues	437,534	753,066	331,263	98,979	1,620,842
Operating Expenses					
Administrative	-	327,758	216,193	56	544,007
Operations	-	-	1,385,088	-	1,385,088
Maintenance	-	-	265,961	-	265,961
Materials and Supplies	-	-		44,979	44,979
Depreciation	-	-	403,697	-	403,697
Total Operating Expenses	-	327,758	2,270,939	45,035	2,643,732
Operating Income (Loss)	437,534	425,308	(1,939,676)	53,944	(1,022,890)
Nonoperating Revenues (Expenses)					
Intergovernmental	-	-	1,069,814	-	1,069,814
Property Taxes	-	-	308,152	-	308,152
Interest Earned on Investments	18,749	3,289	5,799	-	27,837
Interest Expense	-	-	-	(10,383)	(10,383)
Other	-	-	13,247	-	13,247
Total Nonoperating Revenues (Expenses)	18,749	3,289	1,397,012	(10,383)	1,408,667
Income (Loss) Before Contributions and Transfers	456,283	428,597	(542,664)	43,561	385,777
Capital Contributions	-	-	59,249	-	59,249
Interfund Transfers					
Transfers In	-	-	-	10,383	10,383
Transfers (Out)	(400,000)	(304,497)	-	(61,004)	(765,501)
Change in Net Position	56,283	124,100	(483,415)	(7,060)	(310,092)
Total Net Position--October 1, 2013	6,142,600	1,159,783	6,369,408	111,793	13,783,584
Total Net Position--September 30, 2014	$ 6,198,883	$ 1,283,883	$ 5,885,993	$ 104,733	$ 13,473,492

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT G**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended September 30, 2014

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS				
	Delinquent Tax Revolving	Tax Foreclosure	Public Transit	Non-Major Enterprise Funds	Total Enterprise Funds
Cash Flows From Operating Activities					
Cash Received From Customers	$ -	$ 754,946	$ 333,962	$ 103,362	$ 1,192,270
Interest on Delinquent Taxes	437,534	-	-	-	437,534
Delinquent Taxes Collected	(2,229,288)	-	-	-	(2,229,288)
Delinquent Taxes Purchased	2,353,121	-	-	-	2,353,121
Cash Payments to Employees for Services and Benefits	-	-	(1,040,945)	-	(1,040,945)
Cash Payments to Suppliers for Goods and Services	-	(334,852)	(832,470)	(43,539)	(1,210,861)
Net Cash Provided by Operating Activities	561,367	420,094	(1,539,453)	59,823	(498,169)
Cash Flows From Noncapital Financing Activities					
Operating Grants	-	-	1,069,814	-	1,069,814
Property Tax	-	-	308,152	-	308,152
Due to Other Governmental Units	(90,486)	-	-	-	(90,486)
Other	-	-	13,247	-	13,247
Transfers In (Out)	(400,000)	(304,497)	-	(50,621)	(755,118)
Net Cash Provided by Noncapital Financing Activities	(490,486)	(304,497)	1,391,213	(50,621)	545,609
Cash Flows From Capital and Related Financing Activities					
Capital Assistance Grants	-	-	83,250	-	83,250
Capital Assets Purchased	-	-	(52,931)	-	(52,931)
Net Cash Provided by Capital and Related Financing Activities	-	-	30,319	-	30,319
Cash Flows From Investing Activities					
Interest on Cash and Cash Equivalents	18,749	3,289	5,799	-	27,837
Interest Expense	-	-	-	(10,383)	(10,383)
Sale or (Purchase) of Investments	(142,527)	(394,477)	-	-	(537,004)
Net Cash Provided by Investing Activities	(123,778)	(391,188)	5,799	(10,383)	(519,550)
Net Increase (Decrease) in Cash and Cash Equivalents	(52,897)	(275,591)	(112,122)	(1,181)	(441,791)
Cash and Cash Equivalents at Beginning of Year	2,306,663	1,153,419	1,122,759	105,519	4,688,360
Cash and Cash Equivalents at End of Year	$ 2,253,766	$ 877,828	$ 1,010,637	$ 104,338	$ 4,246,569
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income (Loss)	$ 437,534	$ 425,308	$ (1,939,676)	$ 53,944	$ (1,022,890)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	-	-	403,697	-	403,697
(Increase) Decrease in Delinquent Taxes Receivable	114,950	-	-	-	114,950
(Increase) Decrease in Accounts Receivable	8,883	1,880	2,699	4,383	17,845
(Increase) Decrease in Prepaid Insurance	-	-	12,331	-	12,331
Increase (Decrease) in Accounts Payable	-	(7,094)	(28,735)	1,496	(34,333)
Increase (Decrease) in Accrued Wages Payable	-	-	6,780	-	6,780
Increase (Decrease) in Accrued Compensated Absences	-	-	3,451	-	3,451
Net Cash Provided by Operating Activities	$ 561,367	$ 420,094	$ (1,539,453)	$ 59,823	$ (498,169)

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT H**
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
September 30, 2014

	Agency Funds
ASSETS	
Cash and Bank Deposits	$ 3,538,080
Investments	176,938
Total Assets	$ 3,715,018
LIABILITIES AND FUND BALANCE	
Liabilities	
Due to State of Michigan	$ 3,292,214
Undistributed Penal Fines and Interest	230,894
Other Liabilities	191,910
Total Liabilities	$ 3,715,018

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY **EXHIBIT I**
STATEMENT OF NET POSITION
COMPONENT UNITS
September 30, 2014

	Road Commission	Drain Commission	Total
ASSETS			
Current Assets			
Cash	$ 3,818,806	$ 199,825	$ 4,018,631
Investments	501,509	20,903	522,412
Accounts Receivable	550	-	550
Due From State	801,299	-	801,299
Due From Local Units of Government			
Due Within One Year	174,800	-	174,800
Inventories	313,330	-	313,330
Total Current Assets	5,610,294	220,728	5,831,022
Noncurrent Assets			
Capital Assets-Net of Accumulated Depreciation	26,513,762	714,213	27,227,975
Capital Assets-Nondepreciating	187,883	-	187,883
Total Noncurrent Assets	26,701,645	714,213	27,415,858
Total Assets	$ 32,311,939	$ 934,941	$ 33,246,880
LIABILITIES			
Current Liabilities			
Accounts Payable	$ 414,887	$ 2,054	$ 416,941
Due to Other Funds-Primary Government	-	80,000	80,000
Total Current Liabilities	414,887	2,054	416,941
Noncurrent Liabilities			
Advances From State of Michigan	334,084	-	334,084
Long-Term Advances From	-	-	-
Primary Government	-	83,185	83,185
Vested Employee Benefits Payable	200,307	-	200,307
Post Employment Benefit Liabilities	1,582,128	-	1,582,128
Total Noncurrent Liabilities	2,116,519	83,185	2,199,704
Total Liabilities	2,531,406	165,239	2,696,645
NET POSITION			
Net Investment in Capital Assets	26,701,645	714,213	27,415,858
Restricted for			
County Roads	3,078,888	-	3,078,888
Capital Projects	-	55,489	55,489
Total Net Position	$ 29,780,533	$ 769,702	$ 30,550,235

The Notes to Financial Statements are an integral part of this statement.

CLARE COUNTY
STATEMENT OF ACTIVITIES
COMPONENT UNITS
For the Fiscal Year Ended September 30, 2014

EXHIBIT J

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
Functions/Programs	Expenses	Charge for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Drain Commission	Total
Road Commission							
Public Works	$ 7,219,889	$ 1,110,232	$ 4,917,730	$ -	$ (1,191,927)	$ -	$ (1,191,927)
Total Road Commission	7,219,889	1,110,232	4,917,730	-	(1,191,927)	-	(1,191,927)
Drain Commission							
Public Works	39,531	18,370	21	-	-	(21,140)	(21,140)
Interest on Related Debt	612	-	-	-	-	(612)	(612)
Total Drain Commission	$ 40,143	$ 18,370	$ 21	$ -	-	(21,752)	(21,752)
			General Revenues				
			Interest		13,599	-	13,599
			Gain on Equipment Disposal		600	-	600
			Total General Revenues		14,199	-	14,199
			Change in Net Position		(1,177,728)	(21,752)	(1,199,480)
			Net Position--Beginning of Year		30,958,261	791,454	31,749,715
			Net Position--End of Year		$ 29,780,533	$ 769,702	$ 30,550,235

The Notes to Financial Statements are an integral part of this statement.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The County of Clare was organized in 1840 and covers an area of 576 square miles divided into 16 townships, 1 village and 2 cities. The county seat is located in the City of Harrison. The County operates under an elected County Board of Commissioners (7 members) and provides services to its more than 31,000 residents in many areas including law enforcement, administration of justice, community enrichment, and development and human services.

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

Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Although blended component units are legally separate entities, in substance, they are part of the County's operations. The criteria established by the Governmental Accounting Standards Board (GASB) for determining the reporting entity includes oversight responsibility, fiscal dependency and whether the financial statements would be misleading, if data were not included. The component unit total is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description of each component unit).

BLENDED COMPONENT UNITS

Building Authority

The Clare County Building Authority is governed by a 5-member board appointed by the County Board of Commissioners. Although it is legally separate from the County, the Building Authority is reported as if it were part of the primary government because its sole purpose is to finance and construct the County's public buildings. A separate report is not prepared for the Building Authority.

Public Transit Corporation

The Clare County Transit Corporation was incorporated on September 1, 1981 in the State of Michigan, under the provisions of Public Act 327 of 1931, as amended, and Public Act 284 of 1972, as amended. The Transit Corporation is not legally separate, but is administered by a 5 to 12 member board elected by a majority of the seated board members present and voting. The Transit Corporation Board may not issue debt and the tax levy is subject to County Board of Commissioners' approval. The Transit Corporation taxes are levied under the taxing authority of the County, as approved by the County electors, and are included as part of the County's total tax levy and are reported in the Public Transit Corporation Fund. The component unit is audited separately from the County and complete financial statements may be obtained from the Transit Corporation's administrative office.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DISCRETELY PRESENTED COMPONENT UNITS

The component unit column in the government-wide financial statements (Exhibits A and B) include the financial data of the Clare County Road Commission, and the Clare County Drain Commission to emphasize that they are legally separate from the County.

Each discretely presented component unit is reported in a separate column in the Component Unit's Statement of Net Position (Exhibit I) and the Statement of Activities (Exhibit J).

Clare County Road Commission

The Clare County Road Commission, which is established pursuant to the County Road Law, Michigan Compiled Laws (MCL) 224.1, is governed by an elected 3-member Board of County Road Commissioners. The Road Commission may not issue debt or levy a tax without the approval of the County Board of Commissioners. If approval is granted, the Road Commission's taxes are levied under the taxing authority of the County, as approved by the County electors, and would be included as part of the County's total tax levy as well as reported in the County Road Fund. The component unit is audited separately from the County and complete financial statements may be obtained from the Road Commission’s administrative office.

Clare County Drain Commission

Pursuant to the Drain Code of 1956, the Drain Commissioner has the responsibility to administer the State Drain Code. The Drain Commissioner is responsible for planning, developing, and maintaining surface water drainage systems within the County. The Drain Commissioner may issue debt or levy a tax without the approval of the County Board of Commissioners, as authorized by the Drain Code. The combining financial statements for the County Drain Commission are presented as part of supplemental schedules (Exhibits V-1 through V-4).

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements of the individual component units can be obtained from their respective administrative offices or from the County Clerk's office at the courthouse.

Administrative Offices

Clare County Building Authority
225 West Main Street
Harrison, Michigan 48625

Clare County Transit Corporation
1473 Transportation Drive
Harrison, Michigan 48625

Clare County Road Commission
3900 East Mannsiding Road
Harrison, Michigan 48625

Clare County Drain Commissioner
225 West Main Street
Harrison, Michigan 48625

JOINTLY GOVERNED ORGANIZATIONS

Central Michigan District Health Department

Clare, Gladwin, Arenac, Isabella, Osceola and Roscommon Counties participate jointly in the operation of the Central Michigan District Health Department. All of the financial operations of the District Health Department are recorded in the records of Isabella County. The funding formula approved by the member counties is based pro rata on each unit's population and equalized valuation to the district's total population and valuation. Member counties' percentages of the net operating budget for the year of 2014 were:

Clare	16.92%	Isabella	28.73%
Gladwin	14.43%	Osceola	12.51%
Arenac	9.99%	Roscommon	17.42%

The County's appropriation to the District Health Department for the fiscal year ended September 30, 2014 was $211,497, which included cigarette tax of $1,231.

Central Michigan Community Mental Health Services

The Central Michigan Community Mental Health Services Board consists of the counties of Clare, Gladwin, Isabella, Mecosta, Midland and Osceola. Financial records for the board are recorded and maintained by Isabella County. The funding formula is based on the ratio of population of each County to the total district's population for the net cost of administration and district programs and 100 percent of the net costs of the individual County programs. For the fiscal year ended September 30, 2014, the actual County contribution percentages were:

Clare	12.49%	Mecosta	15.00%
Gladwin	8.22%	Midland	35.41%
Isabella	19.44%	Osceola	9.44%

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County's appropriation to Central Michigan Community Mental Health Services for the fiscal year ended September 30, 2014 was $139,000.

RELATED ORGANIZATION

Northern Michigan Substance Abuse Services, Inc. (NMSAS)

The County, in conjunction with 31 other counties, has entered into an agreement which created the Northern Michigan Substance Abuse Services, Inc. This organization's board is composed of one member appointed by the Board of Commissioners from each of the participating counties. The County's financial responsibility is to pass through 50% of the Convention and Liquor Tax revenues received to the Northern Michigan Substance Abuse Services, Inc. For the fiscal year ended September 30, 2014, the County passed through $107,197.

BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

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

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

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

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it is both measurable and available. Revenues are considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual, that is, when they become both measurable and available to finance expenditures of the fiscal period. Intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days). 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.

The County reports the following major governmental funds:

The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Gypsy Moth Fund accounts for County millage revenue that is reserved for the control of the insect population.

The Community Development Escrow Fund account for Federal and State grants received to provide low income housing programs for county residents as well as economic and community development within the County.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following major proprietary funds:

The Delinquent Tax Revolving Fund accounts for the County's annual purchase of delinquent real property taxes from each of the local taxing units within the County and the ultimate collection from the property owners of the delinquent taxes with penalty and interest. The fund also accounts for the County's issuance of debt when needed (to provide cash flow for the purchase of the taxes) and for the resulting debt service payment.

The Tax Foreclosure Fund accounts for properties that have been foreclosed upon in the County.

The Public Transit Fund accounts for the transportation service operation of the County.

Additionally, the County reports the following fund types:

Agency Funds--These funds account for assets held on behalf of outside parties, including other governments.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Delinquent Tax Revolving Fund, the Transit Fund, and the Jail Commissary Fund are collection fees for delinquent taxes, busing services, and sales commissions, respectively. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Deposits and Investments

The cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less from the date of acquisition. The statement of cash flows includes both restricted and unrestricted cash and cash equivalents. Investments are stated at fair value and short-term investments are reported at cost, which approximates fair value. Earnings from investments are allocated to numerous funds as required by Federal regulations, State statutes and local ordinances.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories are valued at cost, using the consumption method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Inventories--Component Units

Road Commission--Inventories consisting of equipment parts and supplies of $199,020 and road materials of $114,310 are recognized using the consumption method (inventories are recorded as expenditures when they are used). Inventories are recorded at average cost which approximates market.

Capital Assets--Primary Government and Drain Component Unit

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	Funds	Drain
Building	40 years	
Office Furniture and Equipment	3 to 7 years	
Vehicles	5 to 7 years	
Drain and Lake Level System		50 years

Capital Assets--Transit (Blended Component Unit)

Capital assets are stated at historical cost. Costs relating to maintenance and repairs are charged to expense, whereas those for renewals and betterments, when significant in amounts, are capitalized. Provisions for depreciation of equipment are computed on the straight-line method. Depreciation rates are designed to amortize the cost of the assets over their estimated useful lives as follows:

Operating Facility	12 to 20 years
Vehicles	3 to 7 years
Shop Equipment	3 to 10 years
Office Equipment	6 to 10 years

Capital Assets--Road Commission (Component Unit)

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, and similar items) are reported in the operating fund in the government-wide financial statements. Capital assets are defined by Clare County Road Commission as assets with an initial individual cost of more than $1,000 and an estimated useful life in excess of two years. Such assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Buildings	30 to 50 years
Road Equipment	5 to 8 years
Shop Equipment	10 years
Engineering Equipment	4 to 10 years
Office Equipment	4 to 10 years
Infrastructure--Roads	8 to 30 years
Infrastructure--Bridges	12 to 50 years

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet earned.

Compensated Absences (Vacation and Sick Leave)--Primary Government

It is the County's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. The liability for unpaid accumulated sick leave is only 50% of the time available according to the County's union contracts and personnel policies. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported only in governmental funds for employee terminations as of year-end.

Compensated Absences (Vacation and Sick Leave)--Transit (Blended Component Unit)

The liability for vested paid time off is charged to expense with a corresponding liability. Effective October 1, 1997, all full-time and regular part-time drivers and dispatcher's mechanics, clerical and janitorial employees of the Transit Corporation earn paid time off (PTO).

For straight time worked, including paid leave but not overtime, PTO is credited based upon a varying scale as defined in the collective bargaining agreement. This scale shows one hour of time off for each 20 hours worked for employees with zero service time through four years of service. It increases with years of service to a maximum of one hour of time off for each 15 hours worked for employees with ten years of service. An employee may accumulate up to 320 hours of PTO. Upon termination, other than discharge for cause, after one year of service due to resignation with two weeks' notice, death, retirement or layoff, an employee shall be paid for all PTO time accrued through the date of termination.

Administrative employees, including the manager and operations supervisor, earn PTO in a similar manner to the covered employees. These employees earn 2.31 hours of PTO for each week for zero years of service increasing to 4.62 hours of PTO for each week for twelve years of service. They may not accumulate hours in excess of two times their annual accumulation rate.

PTO in excess of two times the annual accrual rate will be paid to the employee at the Transit Corporation's fiscal year end at the employees' current rate of pay.

Administrative employees who leave their employment for any reason other than termination, and who give a minimum notice of four weeks are entitled to payout for all remaining PTO hours. Administrative employees may also elect to receive payment of PTO instead of accumulation.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences (Vacation and Sick Leave)--Road Commission (Discrete Component Unit)

Road Commission employees are granted vacation and sick leave in varying amounts based on years of service. In the event of termination, an employee is paid for certain portions of unused accumulated vacation and sick leave time.

Long-Term Obligations

In the government-wide financial statements and proprietary fund type statements, the long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 the following: assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Other Financing Sources (Uses)

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

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications

In the fund financial statements, governmental funds report the following components of fund balance which comprise a hierarchy based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Non-spendable Fund Balances

Non-spendable fund balances includes amounts in governmental funds to designate amounts which are not available for spending, or are legally or contractually required to be maintained. The non-spendable amount reported in the Road Fund is related to inventories. In the General Fund, the amount of the long-term advance to the Drain Fund (component unit) is recorded as non-spendable.

Restricted Fund Balances

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The purpose of the primary government's restricted fund balances and revenue sources are listed below:

Special Revenue Funds

- Friend of Court Fund - This fund is used to account for revenues for Friend of the Court activities as required by Acts 294, 295, 296, 297, and 298 PA 1982, as amended.
- Building Department - This fund is used to account for revenues earmarked by law for building construction code enforcement activities within the city.
- Register of Deeds Automation – This fund is used for funds set aside under provisions of Public Act 698 of 2002 (MCL 600.2568). The fund was created for upgrading technology in the Register of Deeds' Office under the Revised Judicature Act of 1961.
- 911 Service – This fund is used to account for earmarked revenue for 911 services under the provisions of Public Act 29 of 1994.
- Local Corrections Officers – This fund is used to account for the earmarked fees established under Public Act 124 of 2003 to provide for the training of local corrections officers.
- Drug Law Enforcement – This fund is used to account for revenue from seized property involved in the violation of controlled substances statutes, Act 135 PA 1985.
- ORV Ordinance – This fund is used to account for the fines used to enforce off road vehicle laws.
- OWI Forfeiture – This fund is used to account revenue from the sale of seized vehicles involved in law enforcement related to Operating While Intoxicated (OWI) ordinance.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Law Library – This fund is used to account for revenue that is a specified portion of the penal fines collected each year by the county courts. The fund is required by MCL 600.4851.
- Community Development – This fund is used to account for the program income and administrative fees received for the administration of the Housing Commission.
- Brownfield Redevelopment Authority EPA Grant – This fund is used to account for the revenues received from grants as established under the Brownfield Redevelopment Financing Act.
- Senior Services – This fund is used to account for the extra voted millage, Federal and state grants, and other income directly related to the operations of the county's senior center.
- Department of Human Services – This fund is used to account for the revenue from transfers in from the general fund, state and federal grants, and refunds/reimbursements. The fund is required by MCL 400.73a.
- Child Care Probate – This fund is used to account for revenue relating to the probate court from transfers in from the general fund and state grants. The fund is required by MCL 400.117a.
- Child Care DHS – This fund is used to account for revenue relating to the Department of Human Services from transfers in from the general fund and state grants. The fund is required by MCL 400.117a.
- Soldiers and Sailors Relief – This fund is used account for transfers from the General Fund for soldiers and sailors relief activities. The fund is required by MCL 35.21.
- Veterans Trust – This fund is used to account for the revenues from the distribution by the State Department of Military Affairs from the State Veterans' Trust Fund as required by MCL 35.607.
- Veterans Special Projects – This fund is used to account for the revenues received for special projects dedicated to Veterans.
- Airport – This fund is used to account for the revenues received from the airport. It is classified as a special revenue fund because of the limited usage of the assets of the fund.

Debt Service Funds

- Building Authority Refunding Debt - This fund is used to account for the principal and interest payments on the Building Authority bonds.
- Brownfield Debt - This fund is used to account for the principal and interest payments on the Brownfield loan.
- USDA Loan Debt - This fund is used to account for the principal and interest payments on the USDA loan.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Project Funds

- Animal Shelter Construction - This fund is used to account for the extra voted millage levied on the residents for the construction of a new animal shelter.
- Brownfield Redevelopment Authority - This fund is used to account for the taxes received from improved brownfield areas and is to be used on future brownfield projects.

The purpose of the component unit's restricted fund balances and revenue sources are listed below:

- Road Commission – This fund is used to account for the receipt and expenditure of State motor fuel taxes which are earmarked by law (Act 51 PA 1951, as amended) for street and highway purposes, Federal aid for highway purposes, taxes and special assessments for road purposes and general fund appropriations as well as State Trunkline maintenance contracts.
- Drain Commission--Drain Fund – This fund is used to account for revenue from special assessments, at-large assessments, and bond or note proceeds for the construction and maintenance of county drains. The Drain Fund is required by Act 40 PA 1956, as amended.
- Drain Commission--Drain Revolving Fund – This fund is used to account for money advanced from the county general fund for engineering, surveys and other preliminary costs of new drains and maintenance work on established drains. The Revolving Drain Fund is reimbursed from the Drain Fund as special assessments are collected. The Revolving Drain Fund is permitted by Chapter 12 of Act 40 PA 1956, as amended.
- Drain Commission--Lake Level Fund – This fund is used to account for revenue from special assessments and bond or note proceeds to account for the construction and maintenance of lake level projects. The Lake Level Fund is permitted by Act 451 PA 1994, as amended.
- Drain Commission--Lake Level Revolving Fund - The Revolving Lake Level Fund is used to account for money advanced from the county general fund for engineering, surveys and other preliminary costs of new lake level projects and maintenance work on established lake level districts. The Revolving Lake Level Fund is reimbursed from the Lake Level Fund as special assessments are collected. The Revolving Lake Level Fund is permitted by Act 451 PA 1994, as amended.

NOTE A--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the County's General Fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the County Board of Commissioners.

Clare County does not have a formal minimum fund balance policy.

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year-end.

Budgets are adopted by the County Board of Commissioners for the general and special revenue funds, except for the County Road Fund budget (special revenue--component unit), which is adopted and administered by the Board of County Road Commissioners. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect actual revenues and expenditures for these funds. The budget document presents information by fund, function, department and line-items. The budget is adopted at the activity level and control is exercised at the line-item level. The County Board of Commissioners monitors and amends the budgets as necessary.

Public Act 2 of 1968, as amended, requires the adoption of a balanced budget for general and special revenue funds, as well as budget amendments as needed to prevent actual expenditures from exceeding those provided for in the budget.

NOTE B--STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The County has not complied with certain provisions of Public Act 2 of 1968, as amended. Expenditures were incurred in excess of amounts appropriated in the amended budgets for the activities or functions of the General Fund and Special Revenue Funds as follows:

	Budget	Actual	Variance
General Fund			
General Government			
Circuit Court	$ 351,242	$ 357,785	$ (6,543)
Remonumentation	57,250	90,227	(32,977)
Record Copying	40,400	42,425	(2,025)
Health and Welfare			
Medical Examiner	86,334	87,079	(745)
Capital Outlay			
Emergency Management	-	22,467	(22,467)
Law Library Fund			
General Government	3,500	3,718	(218)

The County intends to continue to diligently maintain expenditures under appropriations and make adjustments to the budget when necessary.

NOTE C--CASH DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the County to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

Deposits are carried at cost. The County Board of Commissioners has designated nine financial institutions for the deposit of County funds. The investment policy adopted by the Board is in accordance with Public Act 20 of 1943, as amended, has authorized investments described in the preceding paragraph. The County’s deposits and investment policy are in accordance with statutory authority.

NOTE C--CASH DEPOSITS AND INVESTMENTS (Continued)

The County's deposits and investments at September 30, 2014, as required by the Governmental Accounting Standards Board (GASB) Statement No. 40, are report in the basic financial statements as follows:

	Governmental Activities	Business-Type Activities	Fiduciary Funds	Total Primary Government	Component Units
Cash and Bank Deposits	$ 3,545,327	$ 4,246,569	$ 3,538,080	$ 11,329,976	$ 4,018,631
Investments	475,829	1,902,715	176,938	2,555,482	522,412
Cash Deposit with Agent		227,512		227,512	
Total	$ 4,021,156	$ 6,376,796	$ 3,715,018	$ 14,112,970	$ 4,541,043

The breakdown between deposits and investments, are as follows:

	Primary Government	Component Units
Bank Deposits (Checking, Savings Accounts and Certificates of Deposits)	$ 11,304,376	$ 4,018,381
Investments in Securities, Money Markets and Similar Vehicles	2,555,482	522,412
Cash on Deposit with Agent	227,512	
Petty Cash and Cash on Hand	25,600	250
Total	$ 14,112,970	$ 4,541,043

Non-negotiable certificates of deposits that are placed by the depositors directly with financial institutions and that are subject to a penalty if redeemed before maturity are treated as bank deposits. Because nonnegotiable certificates of deposits are deposits, no interest rate risk or credit risk disclosures are required, which are limited to investments.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County's deposits may not be recovered.

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

a. Uncollateralized;
b. Collateralized with securities held by the pledging financial institution; or
c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

NOTE C--CASH DEPOSITS AND INVESTMENTS (Continued)

The County's policy requires the following criteria to lessen the custodial credit risk: To secure County funds, all financial institutions holding the County's money must pledge collateral equal to the amount of the account balance for all demand and time deposits. A bank, savings and loan association or credit union holding County funds must be organized under the law of Michigan or Federal law and maintain a principal office or branch office in the State of Michigan. No deposit in any financial organization may be in excess of 25 percent of the net worth of the organization.

At September 30, 2014, the bank balance of the primary government's deposits is $13,681,479, of which $1,600,016 is covered by federal depository insurance and $12,108,463 was uncollateralized with securities held by the County's agent in the County's name. The component units' deposits had a bank balance of $4,542,512 of which $1,251,408 was covered by federal depository insurance and $3,291,104 was uncollateralized with securities held by the County's agent in the County's name.

Types of Investments

Common cash investments include money markets, government bonds, and US government securities.

Risk

In accordance with GASB Statement No. 40, investments also require certain disclosures regarding policies and practices with respect to the risks associated with them. The custodial credit risk, the credit risk and the interest rate risk are discussed in the following paragraphs.

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the County will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either:

The counterparty; or
The counterparty's trust department or agent but not in the government's name.

The County does not have an investment policy for managing custodial credit risk. At September 30, 2014, common cash investments were not exposed to custodial credit risk.

NOTE C--CASH DEPOSITS AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer or another counter party to an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) Michigan law, the County's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Primary Government	Fair Value	Credit Rating	Rating Institution
Municipal Investment Funds	$ 833,327	A-1	S&P
Money Market Funds	190,234	AAAm	S&P
Municipal Investment Funds	401,384	A-1	S&P
Municipal Money Investment Account	336,436	A-1	S&P
Commercial/Government Securities	794,101	AA	S&P
Total	$ 2,555,482		
Component Units			
Money Market Funds	$ 501,509	AAAm	S&P
Municipal Investment Funds	20,903	A-1	S&P
Total	$ 522,412		

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The County's policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2014, the fair value of the County's investments is listed above with all maturities due within 12 months or less.

Cash on Deposit with Agent

The Transit Corporation purchases insurance coverage through the Michigan Transit Pool Association (MTPA). The Transit Corporation's required retention is $25,000 per occurrence. To mitigate risks and provide premium stabilization, the Transit Corporation has deposited an additional amount of $227,512 with the pool. Cash on deposit with agent consists of amounts deposited with the MTPA and amounts retained by the MTPA.

NOTE D--PROPERTY TAXES

Current Summer Property Taxes

In accordance with the provisions of Michigan Public Act 357 of 2004, the County levied 4.7072 mills on the County's 2014 taxable valuation of $1,016,190,126 in the summer of 2013. The total levy amounted to $4,766,284. At September 30, 2014 the taxes receivable for the summer taxes is $809,402. Each year the taxes collected within the first 60 days is recognized as revenue earned and the remaining balance is reported as deferred inflow of resources and is recognized in the subsequent year. The deferred inflow of resources (unavailable revenue) recorded at September 30, 2014, for the summer property taxes is $572,360.

Current Winter Property Taxes

Most County extra voted property taxes are levied on each December 1 on the taxable valuation of property located in the County as of the preceding December 31. The County's 2013 ad valorem tax is levied and collectible on December 1, 2013, it is the County's policy to recognize revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of County operations.

The 2013 taxable valuation of the County amounted to $1,028,043,754 on which ad valorem taxes of .4800 mills for Senior Citizens, .3000 mills for Transit Service, and .3500 for 911 Services. The 2013 current tax levied included $489,586 for Senior Citizens, $308,152 for Transit Services, and $360,127 for 911 Services. These taxes will be recorded as revenue on County records in and for the year of 2014.

NOTE D--PROPERTY TAXES (Continued)

Taxes Receivable--Delinquent

The taxes receivable--delinquent of $2,364,168 recorded in the Delinquent Tax Revolving Fund consists of uncollected real property taxes levied prior to 2014. There were also homestead denial receivables in the amount of $11,047. The delinquent real property taxes and homestead receivables may be summarized as follows:

2013	$ 1,918,313
2012	388,005
2011	20,958
2010	9,733
2009	7,233
2008	6,212
2007	2,667
Total Delinquent Taxes Receivable	$ 2,353,121
Total Homestead Denial Receivable	$ 11,047
Total Taxes Receivable	$ 2,364,168

NOTE E—RECEIVABLES AND DEFERRED INFLOWS OF RESOURCES

Receivables--Primary Government

Receivables as of year-end for the County's individual major, non-major funds and fiduciary funds in the aggregate, there were no applicable allowances for uncollectible accounts, and are as follows:

	Governmental Funds			Business-Type Funds			
	General Fund	Community Development Escrow Fund	Non-Major Governmenal Funds	Delinquent Tax Revolving Fund	Tax Foreclosure Fund	Public Transit	Non-Major Enterprise Funds
Taxes	$ 809,402	$ -	$ -	$ 2,364,164	$ -	$ -	$ -
Accounts	534,721	-	33,126	185	6,627		2,866
Loan Notes Receivable	-	1,781,007	5,609	-	-	-	-
Due From Federal	26,376	4,509	-	-	-		-
Due From State	58,491	-	142,926	-	-	-	-
Due From Local Units	-	-	101,119	80,180	-	-	-
Total Receivables	$ 1,428,990	$ 1,785,516	$ 282,780	$ 2,444,529	$ 6,627	$ -	$ 2,866
Deferred Inflows of Resources							
Unavailable Revenue	$ 572,360	$ 1,781,007	$ 5,609	$ -	$ -	$ -	$ -

Governmental funds report deferred inflows of resources (revenue) in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds report unavailable revenues, which arise only under a modified accrual basis of accounting, from property taxes and special assessment receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. At the end of the current fiscal year, deferred inflows of resources are reported above in the General Fund in the amount of $572,360 related to property taxes which are unavailable. Also, within Community Development Fund has unavailable revenue in the amount of $5,609 related to Loan Notes Receivable as well as Community Development Escrow Fund in the amount of $1,781,007 for Loan Notes Receivable.

NOTE F--CAPITAL ASSETS

Primary Government

Capital asset governmental activity of the primary government for the year ended is as follows:

Governmental Activities	Beginning Balance 10/01/13	Increases	Decreases	Ending Balance 09/30/14
Capital Assets Not Being Depreciated				
Land	$ 108,326	$ -	$ -	$ 108,326
Park - Construction In Progress		19,500		19,500
Total Capital Assets Not Being Depreciated	108,326	19,500	-	127,826
Capital Assets Being Depreciated				
Buildings and Improvements	6,757,040	192,379	-	6,949,419
Vehicles	1,110,648	82,831	193,510	999,969
Furniture and Equipment	2,678,730	232,937	-	2,911,667
Total Capital Assets Being Depreciated	10,546,418	508,147	193,510	10,861,055
Less Accumulated Depreciation for				
Buildings and Improvements	3,794,856	156,277	-	3,951,133
Vehicles	720,166	107,337	145,286	682,217
Furniture and Equipment	2,089,396	235,402	-	2,324,798
Total Accumulated Depreciation	6,604,418	499,016	145,286	6,958,148
Net Capital Assets Being Depreciated	3,942,000	9,131	48,224	3,902,907
Governmental Activities Capital Total				
Capital Assets--Net of Depreciation	$ 4,050,326	$ 28,631	$ 48,224	$ 4,030,733

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

	Amount
Governmental Activities	
General Government	$ 121,309
Public Safety	366,809
Health and Welfare	3,811
Public Works	7,087
Total Depreciation - Governmental Activities	$ 499,016

NOTE F--CAPITAL ASSETS (Continued)

Business-Type Activity--Public Transit	Beginning Balance 10/01/13	Additions	Deductions	Ending Balance 9/30/14
Capital Assets Being Depreciated				
Operating Facility	$ 5,129,624	$ -	$ -	$ 5,129,624
Vehicles	2,711,789	52,931	-	2,764,720
Shop Equipment	135,240	-	-	135,240
Office Furniture and Equipment	233,379	-	-	233,379
Total Capital Assets Being Depreciated	8,210,032	52,931	-	8,262,963
Less: Accumulated Depreciation for				
Operating Facility	924,154	132,844	-	1,056,998
Vehicles	1,978,250	228,086	-	2,206,336
Shop Equipment	88,084	5,413	-	93,497
Office Furniture and Equipment	118,427	37,355	-	155,782
Total Accumulated Deprecation	3,108,915	403,698	-	3,512,613
Net Capital Assets Being Depreciated	5,101,117	(350,767)	-	4,750,350
Total Capital Assets--Net of Depreciation	$ 5,101,117	$ (350,767)	$ -	$ 4,750,350

Depreciation expense of $403,698 was charged to the business-type activities of the Public Transit Fund which is part of the primary government.

NOTE F--CAPITAL ASSETS (Continued)

Component Units

The following is a summary of changes in the capital assets for the Road Commission:

	Beginning Balance 10/01/13	Increases	Decreases	Ending Balances 09/30/14
Capital Assets Not Being Depreciated				
Land and Improvements	$ 187,883	$ -	$ -	$ 187,883
Total Capital Assets Not Being Depreciated	187,883	-	-	187,883
Capital Assets Being Depreciated				
Buildings	1,304,966	22,108	-	1,327,074
Road Equipment	6,414,941	427,433	78,065	6,764,309
Shop Equipment	177,456	44,713	-	222,169
Office Equipment	113,000	14,730	10,366	117,364
Engineers' Equipment	42,254	650	1,170	41,734
Yard and Storage	150,406	33,609	-	184,015
Infrastructure--Bridges	10,709,738	19,199	-	10,728,937
Infrastructure--Roads	46,114,864	896,514	-	47,011,378
Total Capital Assets Being Depreciated	65,027,625	1,458,956	89,601	66,396,980
Less Accumulated Depreciation				
Buildings	940,821	32,420	-	973,241
Road Equipment	5,238,705	485,480	78,065	5,646,120
Shop Equipment	141,381	9,406	-	150,787
Office Equipment	86,519	5,962	10,366	82,115
Engineers' Equipment	37,569	1,667	1,170	38,066
Yard and Storage	117,330	7,652	-	124,982
Infrastructure--Bridges	3,091,993	221,789	-	3,313,782
Infrastructure--Roads	27,438,457	2,115,668	-	29,554,125
Total Accumulated Depreciation	37,092,775	2,880,044	89,601	39,883,218
Net Capital Assets Being Depreciated	27,934,850	(1,421,088)	-	26,513,762
Total Net Capital Assets	$ 28,122,733	$ (1,421,088)	$ -	$ 26,701,645

Depreciation expense of $2,880,044 was charged to public works for the Road Commission a discretely presented component unit.

NOTE F--CAPITAL ASSETS (Continued)

Drain Commission--Discretely Presented Component Unit

Drain Commission	Beginning Balance 10/01/13	Increases	Decreases	Ending Balance 09/30/14
Capital Assets Being Depreciated				
Infrastructure				
Drains	$ 1,071,423	$ -	$ -	$ 1,071,423
Lake Levels	186,933	3,500	-	190,433
Total Capital Assets Being Depreciated	1,258,356	3,500	-	1,261,856
Less Accumulated Depreciation for Infrastructure				
Drains	449,486	18,114	-	467,600
Lake Levels	76,110	3,933	-	80,043
Total Accumulated Depreciation	525,596	22,047	-	547,643
Net Capital Assets Being Depreciated	732,760	(18,547)	-	714,213
Drain Commission--Component Unit				
Total Net Capital Assets	$ 732,760	$ (18,547)	$ -	$ 714,213

The depreciation expense for the year was $22,047 and was charged to the Drain Commission operations.

NOTE G--INTERFUND RECEIVABLES, PAYABLES, ADVANCES, AND TRANSFERS

The composition of inter-fund balances is as follows:

Due From	Due To	Amount
Primary Government-Delinquent Tax Revolving	Component Units-Drain Fund	$ 80,000
Component Units-Drain Revolving	Component Units-Drain Fund	4,348
Component Units-Lake Revolving	Component Units-Lake Level Fund	4,600
Total		$ 88,948

Advance From	Advance To	
Primary Government--General Fund	Component Unit--Drain Revolving	$ 29,695
Primary Government--General Fund	Component Unit--Lake Level Revolving	53,490
Total		$ 83,185

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

Interfund Transfers:

	Transfers From					
Transfers To	General Fund	Non-Major Governmental Funds	Delinquent Tax Revolving	Non-Major Enterprise	Tax Foreclosure	Total
General	$ -	$ 1,200	$ 400,000	$ 61,004	$ 304,497	$ 766,701
Nonmajor Governmental	556,055	16,180	-	-	-	572,235
Nonmajor Enterprise	10,383	-	-	-	-	10,383
Total Government	$ 566,438	$ 17,380	$ 400,000	$ 61,004	$ 304,497	$ 1,349,319

Interfund transfers are used to 1) transfer revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; 2) transfer receipts restricted to debt service from the funds collecting the receipts to the debt service funds as debt service payments become due; and 3) transfer unrestricted revenues collected in the General Fund to other funds to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE H--LONG-TERM DEBT

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

	Balance 10/1/2013	Additions	(Reductions)	Balance 9/30/2014	Due Within One Year
PRIMARY GOVERNMENT					
County Building Authority 2012 Refunding Bonds with interest ranging from 0.55% to 1.85% for the purpose of refunding the 1998 Refunding Bonds at an economic gain	$ 596,000	$ -	$ (97,000)	$ 499,000	$ 99,000
Clare County equipment lease-purchase agreement payable to Team Financial Group, Inc. for copy machine	59,826	-	(31,666)	28,160	28,160
Gateway Refrigeration note for three boilers for courthouse at a rate of 4%	66,590	-	(20,705)	45,885	21,549
Clare County Brownfield Redevelopment Loan for the HAEDCO Industrial Park Project	132,067	-	(13,539)	118,528	13,810
Clare County Building Roof USDA note payable at 4.125%	46,000	-	(8,000)	38,000	9,000
Clare County--Seniors Services Building Capital Improvement Bonds-Seires 2014 Payable at a interest rate of 4.125%	-	135,000	-	135,000	2,000
Ford Motor Credit for a Sheriff Vehicle	17,058	-	(8,832)	8,226	8,226
Vested Employee Benefits Payable	415,665	-	(11,615)	404,050	292,608
Total Primary Government	$ 1,333,206	$ 135,000	$ (191,357)	$ 1,276,849	$ 474,353

NOTE H--LONG-TERM DEBT (Continued)

Discretely Presented Component Units

The following is a summary of pertinent information concerning the discretely presented component units' changes in long-term debt as of the end of the fiscal year:

County Road Commission	Balance 10/01/13	Additions	(Reductions)	Balance 09/30/14	Due Within One Year
Vested Employee Benefits	$ 208,225	$ -	$ (7,918)	$ 200,307	$ -
Totals	$ 208,225	$ -	$ (7,918)	$ 200,307	$ -

	Balance 10/1/2013	Additions	(Reductions)	Balance 09/30/14	Due Within One Year
Drain Component Unit					
Note Payable for Leitner Drain at 3.95 %	$ 15,506	$ -	$ (15,506)	$ -	$ -
Total Drain Component Unit Long-Term Debt	$ 15,506	$ -	$ (15,506)	$ -	$ -

NOTE H--LONG-TERM DEBT (Continued)

Annual Principal and Interest Requirements--Primary Government

The annual requirements to pay the principal and interest on the primary government of the County's direct general long-term debt obligations (excluding vested employees benefits payable) outstanding at September 30, 2014, are as follows:

	Primary Govt.--Governmental Activities		
Year	Principal	Interest	Total
2015	$ 181,745	$ 19,487	$ 201,232
2016	142,513	15,231	157,744
2017	126,277	12,545	138,822
2018	130,655	10,062	140,717
2019	122,948	7,359	130,307
2020-2024	61,661	25,804	87,465
2025-2029	20,000	20,418	40,418
2030-2034	24,000	16,048	40,048
2035-2039	29,000	10,684	39,684
2040-2044	34,000	4,126	38,126
Total	$ 872,799	$ 141,764	$ 1,014,563

Building Authority Refunding Bonds

During 1998, the County refunded and defeased in substance $1,140,000 of its outstanding 1994 General Obligation Bonds, carrying an interest rate between 5% and 8%, with new debt of $1,250,000 issued at interest rates varying between 4% and 5.05%. The new debt was dated April 1, 1998. A portion ($16,712) of the payment to the escrow agent was provided from monies in the County's 1994 series debt service fund. All issuance costs of the transaction were paid from bond proceeds.

The amount of $1,217,251 was placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased and the liability for the bond has been removed from long-term debt. The advance refunding reduced the total debt service payments over the 20 years by approximately $201,862, which represents an economic gain of approximately $34,056.

During 2012, the County refunded and defeased in substance $695,000 of its outstanding General Obligation Bonds, carrying an interest rate between 4% and 5.05%, with new debt of $695,000 issued at interest rates varying between 0.55% and 1.85%. The new debt was dated June 28, 2012.

NOTE H--LONG-TERM DEBT (Continued)

Principal and interest payments for the building authority refunding bonds are as follows:

Year	Principal February	Interest February 1	Interest August 1	Annual Total
2015	$ 99,000	$ 3,785	$ 3,266	$ 106,051
2016	95,000	3,266	2,624	100,890
2017	97,000	2,624	1,873	101,497
2018	103,000	1,873	971	105,844
2019	105,000	971		105,971
	$ 499,000	$ 12,519	$ 8,734	$ 520,253

Lease purchase agreement for the purchase of copier machines was entered into on July 8, 2010 payable to Team Financial Group, Inc. for $146,550 at an annual interest rate of 7.08%. Remaining principal and interest requirements over the life of the lease are as follows:

Year	Principal	Interest	Annual Total
2015	$ 28,160	$ 913	$ 29,073
	$ 28,160	$ 913	$ 29,073

NOTE H--LONG-TERM DEBT (Continued)

A Brownfield Redevelopment Loan with the Department of Environmental Quality was entered into on January 22, 2007 for the HAEDCO Industrial Park Project. The loan is to be paid in annual installments of $36,163 beginning in January 2012 for 11 years at an interest rate of 2%, based on a loan amount of $361,000. As of September 30, 2009, $253,475 has been borrowed from the loan agreement. A letter dated January 28, 2010 from the Department of Natural Resources (DNR) requested immediate repayment of unexpended loan funds in the amount of $128,440. The County's unexpended balance was $91,954. The County is to provide the DNR with invoices for the difference of $36,485 and repay the unexpended loan funds balance in 2010. The County paid the $91,954 back during the fiscal year ended September 30, 2010. During fiscal year September 30, 2012, a new amortization schedule for the amount actually borrowed was issued with the balance remaining with the balance due at the end of the current fiscal year as follows:

Year	Principal	Interest	Annual Total
2015	$ 13,810	$ 2,371	$ 16,181
2016	14,086	2,094	16,180
2017	14,368	1,813	16,181
2018	14,655	1,525	16,180
2019	14,948	1,232	16,180
2020-2022	46,661	1,878	48,539
	$ 118,528	$ 10,913	$ 129,441

Note Payable with the USDA in accordance with the provisions of Act 156 of Public Acts of 1951 for the purpose of a new roof for the County building. The note was entered into on July 2, 2008 payable at an annual interest rate of 4.125%. Principal and interest requirements over the life of the note are as follows:

Year	Principal July 1	Interest	Annual Total
2015	$ 9,000	$ 1,568	$ 10,568
2016	9,000	1,196	10,196
2017	10,000	825	10,825
2018	10,000	413	10,413
	$ 38,000	$ 4,002	$ 42,002

NOTE H--LONG-TERM DEBT (Continued)

Note Payable with Gateway Refrigeration for the purpose of three new boilers for the County building. The note was entered into in 2012 payable at an annual interest rate of 4%. Principal and interest requirements over the life of the note are as follows:

Year	Principal July 1	Interest	Annual Total
2015	$ 21,549	$ 1,443	$ 22,992
2016	22,427	565	22,992
2017	1,909	6	1,915
	$ 45,885	$ 2,014	$ 47,899

Lease purchase agreement for the purchase of a Sheriff vehicle was entered into in fiscal year 2013 payable to Ford Motor Credit for $26,428 at an annual interest rate of 6.5%. Remaining principal and interest requirements over the life of the note are as follows:

Year	Principal	Interest	Annual Total
2015	$ 8,226	$ 572	$ 8,798
	$ 8,226	$ 572	$ 8,798

NOTE H--LONG-TERM DEBT (Continued)

Capital Improvement Bonds-Series 2014

The 2014 Series Capital Improvement Bonds were issued under the USDA Rural Development Program for the purpose of defraying all or part of the cost of acquiring land and a building as well as making related site improvements to provide services to senior citizens in the County of Clare. The total bond issued was in the amount of $135,000 with interest payable at 4.125 % per annum with interest payable semi-annually.

Year	Principal	Interest	Annual Total
2015	$ 2,000	$ 5,569	$ 7,569
2016	2,000	5,486	7,486
2017	3,000	5,404	8,404
2018	3,000	5,280	8,280
2019	3,000	5,156	8,156
2020-2024	15,000	23,926	38,926
2025-2029	20,000	20,418	40,418
2030-2034	24,000	16,048	40,048
2035-2039	29,000	10,684	39,684
2040-2044	34,000	4,126	38,126
	$ 135,000	$ 102,097	$ 237,097

NOTE I--COMPENSATED ABSENCES

Accrued Vacation and Sick Leave Payable

The County has an accrued liability for accumulated vested vacation benefits payable and a contingent liability for accumulated sick leave benefits of its employees. As of September 30, 2014, the accumulated vested vacation and sick leave benefits of the employees of various County departments and the Road Commission were as follows:

	Vacation	Sick Leave	Compensatory	Total
Primary Government				
General County	$ 35,706	$ 47,831	$ 684	$ 84,221
Courts	25,372	39,404	-	64,776
Sheriff Department	95,492	127,258	32,906	255,656
Total Primary Government	$ 156,570	$ 214,493	$ 33,590	$ 404,653
Component Unit				
Road Commission	$ 74,764	$ 125,542	$ -	$ 200,306

NOTE I--COMPENSATED ABSENCES (Continued)

An accrued liability of $26,629 for compensated absences of the County Transit Corporation is recorded in the financial statements of the Transit Fund.

Vacation and Sick Leave Policies

The employment policies for the accumulation of vacation and sick leave benefits vary by contract.

Vacation Leave

General County, sheriff department and court employees are credited with annual leave for consecutive service as follows:

After 1 Year Employment	6 Days Annual Leave
After 2 Years Employment	12 Days Annual Leave
After 5 Years Employment	18 Days Annual Leave

Unused vacation leave is carried forward to the next year as follows. Sheriff department employees can carry into the subsequent year ½ of their regular annual leave. Court and County general employees may carry forward 5 vacation days into the next anniversary year, but these days may not be accumulated from year to year.

Upon termination of employment, the balance of accumulated vacation leave is paid in full for sheriff and County general employees. For court employees, this will be a maximum of 28 days.

The nonsupervisory and supervisory employees represented by International Union UAW and its local 1974 (unit 1 and unit 2), respectively, can carry a maximum of 5 days' vacation into the next anniversary year and must be used within the next anniversary year. However, it shall be within the department head's sole discretion whether or not to allow the up to 5 days of vacation to be carried over. Any unused vacation time over 5 days shall be lost and not paid for.

The Housing Commission Director is credited with annual leave for consecutive service as follows:

1 Through 5 Years Employment	10 Days Annual Leave
After 5 Years Employment	18 Days Annual Leave

Road Commission employees (component unit), after six months of service, are credited with 8 hours vacation leave per month, and an additional two to seven days based on years of service exceeding four years. Unused vacation leave is carried forward to the next year but leave time in excess of 240 hours is forfeited. Vacation leave for 2012 amounted to $67,254.

NOTE I--COMPENSATED ABSENCES (Continued)

The liability for vested paid time off is charged to expense with a corresponding liability. Effective October 1, 1997, all full-time and regular part-time drivers and dispatchers, mechanics, clerical and janitorial employees of the Clare County Transit Corporation earn paid time off (PTO).

For straight time worked, including paid leave but not overtime, PTO is credited based upon a varying scale as defined in the collective bargaining agreement. This scale shows 1 hour of time off for each 20 hours worked for employees with up to 4 years of service. It increases with years of service to a maximum of 1 hour of time off for each 15 hours worked for employees with 10 years of service. An employee may accumulate up to 320 hours of PTO.

Upon termination, other than discharge for cause, after 1 year of service due to resignation with 2 weeks' notice, death, retirement or layoff, an employee shall be paid for all PTO time accrued through the date of termination.

Administrative employees, including the manager and operations supervisor, earn PTO in a similar manner to the covered employees. These employees earn 2.31 hours of paid time off for each week for 0 years of service to 4.62 hours of paid time off for each week for 12 years of service. They may not accumulate hours in excess of two times their annual accumulation rate. Paid time off in excess of two times the annual accrual rate will be paid to the employee at Clare County Transit Corporation's fiscal year end at the employees' current rate of pay.

Administrative employees who leave their employment for any reason other than termination, and who give a minimum of 4 weeks' notice are entitled to a payout for all remaining paid time off hours. Administrative employees may also elect to receive payment of PTO instead of accumulation.

Sick Leave

General County employees earn 1 day of sick leave per month after their probationary periods, and are paid annually for ½ of their accumulated leave in excess of 70 days. Upon voluntary termination of employment, ½ of the accumulated sick leave is paid to the employee. Sheriff department employees earn sick leave upon hire at 1 day per month. After accumulation of 70 days, the employee is paid annually 65% of their accumulated leave in excess of 70 days in December. Only employees that retire and immediately receive County Municipal Employee Retirement System benefits will be paid 50% of their unused sick leave, up to a maximum of 280 hours.

Court employees are credited with 6 days of sick leave at the end of their probationary periods. After their probationary periods, employees earn 1 day of sick leave per month up to a maximum of 12 days per calendar year. Court employees may carry sick leave forward to their next anniversary date of employment up to 70 sick leave days. Court employees are paid annually for ½ of their accumulated sick leave in excess of 70 days. Upon voluntary termination of employment, employees who have completed 5 years of service will be paid ½ of their accumulated sick leave up to the maximum that can be carried forward as described above.

NOTE I--COMPENSATED ABSENCES (Continued)

The nonsupervisory and supervisory employees represented by the International Union UAW and its local 1974 (unit 1 and unit 2), respectively, earn sick leave at the rate of 1 day per month after a 6 month probationary period. At the end of the probationary period, each employee is credited with 6 days of sick leave. The employees may accumulate a maximum of 70 days sick leave. After the accumulation of over 70 days on the employee anniversary date, the employee shall be paid at the rate of 65% their regular daily rate on all sick days accumulated in excess of 70 days.

Road Commission (component unit) post-1987 employees earn four hours sick leave per month, and pre-1987 employees earn eight hours a month. All employees are paid annually for accumulated leave in excess of 360 hours. Upon termination, the accumulated sick leave is paid in full. Sick leave for 2014 amounted to $125,542.

NOTE J--EMPLOYEE PENSION PLAN--PRIMARY GOVERNMENT

Plan Description

The County is an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and post-retirement adjustments to plan members and their beneficiaries. The County service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25% times the final average compensation for the General UAW Units 111, Sheriff’s Department, UAW (units 1 and 2), and elected officials. The most recent period for which actuarial data was available was for the fiscal period ended December 31, 2013.

MERS was established in 1946 under Public Act 135 of 1945 and granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS is administered under the provisions of Pubic Act 427 of 1984, as amended. The MERS actuarial report was made in accordance with generally recognized actuarial methods in compliance with Public Act 220 of 1996, as amended, and the MERS plan document as revised. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at: 1134 Municipal Way, Lansing, Michigan 48917.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County’s competitive bargaining units which required employees to contribute 3% of the first $4,200 of annual compensation and 5% of compensation over $4,200 for the Sheriff’s Department, 4.7% for the General UAW Units 111 and UAW (units 1 and 2), and 4.5% for the elected officials. The County’s pension contributions were

NOTE J--EMPLOYEE PENSION PLAN--PRIMARY GOVERNMENT (Continued)

13.16%, 9.3%, 13.39%, and 8.6% of the covered payroll at December 31, 2013, for the General UAW Units 111, the Sheriff's Department, and UAW Units 1 and 2, and Elected Officials, respectively.

Annual Pension Cost

During the calendar year ended December 31, 2013, the County's contributions totaling $862,510 ($479,189 for employer and $240,621 for employees) were made in accordance with annual required contribution requirements determined as part of an actuarial valuation at December 31, 2013. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required amortizing the unfunded actuarial accrued liability over 28 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8% and annual salary increases of 4.5% based on an age-related scale to reflect merit, longevity, and promotional salary increases.

Three Year Trend Information

Year Ended December 31	Annual Pension Cost (APC)	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2013	$ 479,189	$ 240,621	100%	$ -
2012	445,166	233,406	100%	-
2011	365,050	230,395	100%	-

Actuarial Valuation December 31	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Overfunded (Unfunded) AAL (UAAL) (1) - (2)	Funded Ratio (1) / (2)	Covered Payroll	UAAL as a % of Covered Payroll
2013	$ 14,949,922	$ 19,468,307	$ (4,518,385)	77%	$ 5,122,448	88%

The schedule of funding progress immediately following the notes to the financial statements presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE J--EMPLOYEE PENSION PLAN--PRIMARY GOVERNMENT (Continued)

Employee Pension Plan--Transit Corporation

Profit Sharing Plan and Trust 401(K)

The Clare County Transit Corporation provides benefits to all union employees through a defined contribution plan named the Clare County Transit Corporation 401(K) Profit Sharing Plan and Trust. The benefit to which a participant is entitled is the benefit that can be paid from a participant's account. The participant's account consists of amounts contributed to the plan for the participant plus investment earnings.

At September 30, 2014, there were five plan participants. Employees may at their option, defer up to 10% of their gross income, not to exceed amounts established by the Internal Revenue Code. The Transit Corporation matches the employees' contribution at the rate of 1/4 of the employee's contribution, up to a maximum rate of 2% of the employee's total compensation. During the year ended September 30, 2014, the Transit Corporation contributed $2,569 and employees contributed $3,104 to the plan. Plan provisions and contribution requirements are established and may be amended by the Transit Corporation Board.

SIMPLE Section 408(p)

The Transit Corporation provides pension benefits to all nonunion employees through a defined contribution plan named Paine Webber Incorporated Savings Incentive Match Plan (SIMPLE), effective February 18, 1999. The benefit to which a participant is entitled is the benefit that can be paid from a participant's account. The participant's account consists of amounts contributed to the plan for the participant plus investment earnings. At September 30, 2014, there was one plan participant. The Transit Corporation contributes 3% of employees' gross earnings and employees may contribute up to $2,000 per calendar year. During the year ended September 30, 2014, the Transit Corporation contributed $1,078 and employees contributed $1,828 to the plan. Plan provisions and contribution requirements are established and may be amended by the Transit Corporation Board.

NOTE K--EMPLOYEE PENSION PLAN--ROAD COMMISSION

Plan Description

The Clare County Road Commission participates in a defined benefit retirement plan administered by the Municipal Employees' Retirement System (MERS). The plan covers substantially all full-time employees.

MERS is a multiple-employer state-wide public employee retirement plan created by the State of Michigan to provide retirement, survivor and disability benefits on a voluntary basis to the State's local government employees in the most efficient and effective manner possible. As such, MERS is a nonprofit entity qualified under section 401(a) of the Internal Revenue Code,

NOTE K--EMPLOYEE PENSION PLAN--ROAD COMMISSION (Continued)

which has the responsibility of administering the law in accordance with the expressed intent of the legislature and bears a fiduciary obligation to the State of Michigan, the taxpayers, and the public employees who are its beneficiaries.

MERS was established in 1946 under Public Act 135 of 1945 and granted independence from the State of Michigan pursuant to Public Act 220 of 1996, effective August 15, 1996. MERS is administered under the provisions of Public Act 427 of 1984, as amended. MERS issues a financial report available to the public that includes financial statements and required supplementary information for the system. A copy of the report may be obtained by writing to MERS at: 1134 Municipal Way, Lansing, Michigan 49817.

All full-time Road Commission employees are eligible to participate in the system. Benefits vest after ten years of service. Employees who retire at or after age 55 with 30 years credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the member's five-year final average compensation. The system also provides death and disability benefits which are established by State statute.

Participating Road Commission employees are required to contribute 5.0% of their annual salary to the system. The Road Commission is required to contribute the remaining amounts necessary to fund the Michigan Municipal Employees' Retirement System using the actuarial basis specified by statute.

Actuarial Accrued Liability

The actuarial accrued liability was determined as part of an actuarial valuation of the plan as of December 31, 2013. Significant actuarial assumptions used in determining the investment of present and future assets of 8.0%: a) projected salary increases of 4.5% per year compounded annually, attributable to inflation; b) additional projected salary increases of 0.0% to 4.2% per year, depending on age, attributable to seniority/merit; and c) the assumption that benefits will increase 2.5% annually after retirement.

All entries are based on the actuarial methods an assumption that were used in the December 31, 2013, actuarial valuation to determine the annual employer contribution amounts. The entry age normal actuarial method was used to determine the entries at disclosure.

NOTE K--EMPLOYEE PENSION PLAN--ROAD COMMISSION (Continued)

GASB Statement No. 25 Information (as of 12/31/13)

Actuarial Accrued Liability	
Retirees and Beneficiaries Currently Receiving Benefits	$ 6,454,216
Terminated Employees Not Yet Receiving Benefits	192,921
Non-Vested Terminated Employees	19,774
Current Employees	
Accumulated Employee Contributions Including Allocated Investment Income	-
Employer Financed	3,496,669
Total Actuarial Accrued Liability	10,163,580
Net Assets Available for Benefits, at Actuarial Value (Market Value is $6,882,825)	7,308,459
Unfunded (Overfunded) Actuarial Accrued Liability	$ 2,855,121

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment for the fiscal year ended December 31, 2013 were determined using the entry age normal actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 28 years. The following table provides a schedule of contribution amounts and percentages for recent years.

Three Year Trend Information for GASB Statement No. 27

Ended December 31	Pension Cost (APC)	of APC Contributed	Pension Obligation
2011	$ 201,945	100%	$0
2012	221,580	100%	0
2013	266,208	100%	0

The schedule of funding progress immediately following the notes to the financial statements for the Road Commission presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

For actuarial valuation purposes, the actuarial value of assets is determined on the basis of a calculation method that assumes the fund earns the expected rate of return of 8% and includes an adjustment to reflect market value.

NOTE L--DEFERRED COMPENSATION PLAN

Primary Government

The County offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. Effective January 1, 1997, the assets of the plan were held in a trust, custodial account or annuity contract described in IRC Section 457(g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodial account is held by the custodian for the exclusive benefit of the participants and beneficiaries of these Section 457 plans and the assets may not be diverted to any other use. The administrator (Wells Fargo Bank West, N.A.) is an agent of the employer. The administrator provides direction to the custodian, from time to time, regarding the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement No. 32, plan balances and activities are not reflected in the County's financial statements.

NOTE M--OTHER POST-EMPLOYMENT BENEFITS

Primary Government

Plan Description

In addition to the pension benefits described in Notes J, K and L, Clare County provides post-employment health and dental care benefits, in accordance with the labor contract and personnel policy, to all employees who retire from the county. The Clare County Retiree Medical Plan is a single-employer plan administered by Clare County and can be amended at its discretion.

Funding Policy

Clare County has the authority to establish and amend the obligations of Clare County and plan members to contribute to the plan. Active plan members are currently not obligated to contribute to the plan. Only benefit payments made directly to retirees or on behalf of retirees from general operating funds will be counted as contributions.

The healthcare benefits may be continued after retirement or termination by the individual paying from $100 to $200, depending on their number of years of service, their portion of the premiums, in advance, to the County clerk's office. The net cost for retirees incurred for the fiscal year ended September 30, 2014 was $17,800. During 2014, there were 7 individuals covered under this agreement.

Annual OPEB Cost and Net OPEB Obligation

Clare County’s annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level

NOTE M--OTHER POST-EMPLOYMENT BENEFITS (Continued)

of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

Funding Status and Funding Progress

For the fiscal year ended September 30, 2014, the County has estimated the cost of providing retiree healthcare benefits through the alternative measurement method valuation as of December 31, 2013. The valuation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuation computed required contribution and actual funding are summarized as follows:

Annual Required Contribution (ARC)	$ 63,584
Interest on Beginning of Year Net OPEB Obligation	4,781
ARC Adjustment	-
Annual OPEB Cost	68,365
Amounts Contributed	
Payments of Current Premiums	(17,800)
Increase in Net OPEB Obligation	50,565
Net OPEB Obligation--Beginning of Year	124,152
Net OPEB Obligation--End of Year	$ 174,717

The annual OPEB cost, the percentage contributed to the plan, and the net OPEB obligation were as follows:

Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
12/31/2011	$ 18,829	$ 18,300	97.19%	$ 529
12/31/2012	68,365	18,900	27.65%	49,465
12/31/2013	68,365	17,800	26.04%	50,565

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
12/31/11	$ -	$ 186,852	$ 185,852	0%	$ -	$ -

NOTE M--OTHER POST-EMPLOYMENT BENEFITS (Continued)

The schedule of funding progress immediately following the notes to the financial statements presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The county expects to have an actuarial valuation performed every three years.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of the sharing of benefit costs between the employer and plan members to that point.

Component Unit--Road Commission

Plan Description

Clare County Road Commission provides hospitalization and medical coverage for eligible retirees and their spouses through the Road Commission's group health insurance plan, which covers both active and retired members. Employees who retire between the ages of 60 and 65 will receive health insurance comparable to that provided to the current employee or themselves and their spouse until age 65 years. The plan does not issue a separate stand-alone financial statement.

Funding Policy

The Road Commission's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). The Road Commission has elected to calculate the ARC and related information using the alternative measurement permitted by method GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Road Commission has no obligation to make contributions in advance of when the premiums are due for payment (i.e. may be financed on a "pay-as-you-go basis). The only current contributions being made are to pay the actual current premiums of the retirees. That amount was less than the annual required contribution and is reflected in the schedule that follows. Administrative costs of the plan are paid for by the Road Commission.

Funding Progress

For the fiscal year ended September 30, 2014, the Road Commission has determined an estimated cost of providing post-employment benefits through the alternative measurement method of calculation as of September 30, 2014. The calculation computes an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to cover the amortization of any unfunded actuarial liabilities from the past, over a period not to exceed 30 years.

NOTE M--OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

Annual Required Contribution	$ 287,725
Interest on Beginning of Year Net OPEB Obligation	52,363
Annual OPEB Cost	340,088
Amounts Contributed	
Payments of Current Premiums	(67,038)
Increase in Net OPEB Obligation	273,050
Net OPEB Obligation--Beginning of Year	1,309,078
Net OPEB Obligation--End of Year	$ 1,582,128

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the fiscal year ended September 30, 2014, were as follows:

Year Ended	Annual Required Contribution	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
9/30/2012	$ 319,496	$ 69,660	21.80%	$ 249,836
9/30/2013	329,489	64,520	19.58%	264,969
9/30/2014	340,088	67,038	19.71%	273,050

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
09/30/14	-	2,196,514	2,196,514	0%	1,468,921	149%

The schedule of funding progress immediately following the notes to the financial statements presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The fiscal year ended September 30, 2009 was the first year that an actuarial valuation was done, so no information is available for years prior to that. Also, information related to funding progress with multi-year trend information indicating whether the actuarial value of plan assets is increasing or decreasing over time relative to the AAL for benefits is not presented since there currently are no plan assets.

NOTE M--OTHER POST-EMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions--Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and 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 calculation. The following simplifying assumptions were made:

Assumptions About Employees and Members--Based on historical average retirement age of the covered group, active plan members were assumed to retire at various ages between 60 and 65 or the first year thereafter in which the member would qualify for benefit. Marital status as of the calculation date was assumed to continue throughout retirement. Life expectancy was based on mortality tables published in the 1994 Group Annuity Mortality Table. The probability of remaining employed until the assumed retirement age and employees' expected future working lifetimes were developed using specific age-based turnover data.

Assumptions About Healthcare Costs--The 2008 health insurance premiums of retirees were used to calculate the present value of total benefits to be paid. The expected rate of increase in health insurance premiums was based on the 2007 version of the National Health Expenditures (NHE) released in January 2009, Centers for Medicare & Medicaid Services, and Office of the Actuary.

Other Assumptions and Methods--The inflation rate was assumed to be 4.0%. Based on the historical and expected returns of the Road Commission's investments, the investment rate of return was assumed to be 6%. The value of Plan assets was set at market value. A simplified version of the entry age actuarial cost method was used in the actuarial valuation. The UAAL is amortized over a 30-year period as a level percent of projected payroll on an open basis. Payroll was assumed to grow over the long-term at the same rate as inflation.

NOTE N--RISK MANAGEMENT

Primary Government

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

The County belongs to the Michigan Municipal Risk Management Authority which is a self-insured association organized under the laws of the State of Michigan to provide self-insurance protection against loss and risk management services to Michigan cities, counties, townships and special purpose governments. The Michigan Municipal Risk Management Authority is a separate legal and administrative entity.

NOTE N--RISK MANAGEMENT (Continued)

The County is responsible for paying all losses, including damages, loss adjustment expenses and defense costs, for each occurrence that falls within the County's self-insured retention (SIR). If a covered loss exceeds the Authority's limits, all further payments for such loss are the sole obligation of the County. If for any reason, the Authority's resources available to pay losses are depleted, the payment of all unpaid losses of the County is the sole obligation of the County. The County's self-insured retentions are as follows:

COVERAGE	SELF-INSURED RETENTION (SIR) (Excess of Deductibles)
Liability	$75,000
Vehicle Physical Damage $1,000 County Deductible	$15,000 Per Vehicle $30,000 Per Occurrence
Property and Crime Deductible Per Occurrence	$1,000 10% of the Next $100,000

After the County has paid the SIR, the Authority will be responsible for paying losses, including damages, loss adjustment expense and defense costs.

Transit Corporation

The Transit Corporation is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical benefits provided to employees. The Transit Corporation purchases commercial insurance for business vehicle repairs, commercial general liability, commercial inland marine (radio and TV), commercial property (building and contents), computerized business equipment, workers' compensation and medical benefit claims.

The Transit Corporation participates in the Michigan Transit Insurance Pool (Pool), which provides insurance covering system vehicles. This Pool was established for the purpose of making a self-insurance pooling program available for Michigan Transit Agencies and Authorities, which includes, but is not limited to bodily injury liability, property damage liability, and personal injury liability related to vehicle operation. The Transit Corporation pays an annual premium to the Pool for this coverage. The agreement for the formation of the Pool provides that the Pool will be self-sustaining through member premiums. Annually, the Transit Corporation receives notification from the Pool of the retrospective claims adjustments based on the actual claims experience of the Transit Corporation and other members of the Pool. These retrospective claims adjustments, determined by the Pool, are recorded annually by the Transit Corporation upon receipt.

NOTE N--RISK MANAGEMENT (Continued)

Road Commission (Component Unit)

Clare County Road Commission is a member of the Michigan County Road Commission Self-Insurance Pool established pursuant to the laws of the State of Michigan which authorized contracts between municipal corporations (inter-local agreements) to form group self-insurance pools and to prescribe conditions to the performance of these contracts. The Pool was established for the purpose of making a self-insurance pooling program available which includes, but is not limited to, general liability coverage, auto liability coverage, property insurance coverage, stop loss insurance protection, claims administration, and risk management and loss control services pursuant to Michigan Public Act 138 of 1982.

The Clare County Road Commission pays an annual premium to the Pool for property (buildings and contents) coverage, automobile and equipment liability, errors or omissions liability, bodily injury, property damage and personal injury liability. The agreement for the information of the Pool provides that it will be self-sustaining through member premiums determined necessary by the Pool Board.

The Road Commission is also self-insured for workers' compensation as a member of the County Road Association Self-Insurance Fund.

During the fiscal year ended September 30, 2014, and the previous 2 years, there were no settlements which exceeded the respective insurance coverage. In addition, there has been no reduction in insurance coverage from the prior year.

The County, in connection with the normal conduct of its affairs, is involved in various claims, judgments and litigation. The County's insurance carrier estimates that the potential claims against the County, not covered by insurance resulting from such litigation, would not materially affect the financial statements of the County.

NOTE P--COUNTY SOLID WASTE LANDFILL

The County entered into a real estate purchase agreement, and landfill development and operation agreement with Waste Management of Michigan, Inc., on June 20, 1990. For $260,000, the County conveyed title to certain land and entered into a 20-year operation agreement. The County is also entitled to certain host community fees. Waste Management is party to a Perpetual Care Trust Fund Agreement (PCTF) with the State of Michigan Department of Natural Resources. The PCTF is used exclusively for closure, monitoring, and maintenance of the landfill, and for the response activity necessitated by discharge from the landfill of a substance which is or may become injurious to the public health, safety, or welfare or to the environment. Waste Management is required to make certain specified deposits to the fund and to provide a surety bond.

NOTE Q--FEDERAL FINANCIAL ASSISTANCE

It is required by the Michigan Department of Transportation (MDOT) that the county road commissioners report total Federal financial assistance for highway research, planning and construction pertaining to their county. However, only the Federal financial assistance applicable to force account expenditures is required to be audited for compliance under the Single Audit Act through road commission procurement. The reason for this requirement is that the road commission is required to have accounting and administrative control over the force account portion while the balance is administered by MDOT.

The Federal Grant revenue of $296,267 represents the Department of Transportation Federal Highway grant money expended on public road improvement projects where work was performed by independent contractors, but was paid for and administered by the MDOT.

NOTE R--UPCOMING REPORTING CHANGE

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplementary information (RSI). The County is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the 2015 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2014

PRIMARY GOVERNMENT

Employee Pension Plan

Required Supplementary Information-Schedule of Funding Progress

Actuarial Valuation December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Overfunded (Unfunded) AAL (UAAL) (1) - (2)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll
2013	$ 14,949,922	$ 19,468,307	$ (4,518,385)	77%	$ 5,122,448	88%
2012	14,420,588	18,278,907	(3,858,319)	79%	4,828,580	80%
2011	14,109,811	17,568,100	(3,458,289)	80%	4,883,521	71%

Other Post-Employment Benefits

Required Supplementary Information-Schedule of Funding Progress

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	a Percent of Covered Payroll
12/31/11	$ -	$ 186,852	$ 185,852	0%	$ -	$ -
12/31/08	-	701,160	701,160	0%	N/A	N/A

Road Commission –Component Unit

Employee Pension Plan

Required Supplementary Information –Schedule of Funding Progress

Actuarial Valuation December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL)	(3) Overfunded (Unfunded) AAL (UAAL) (1) - (2)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll
2011	$ 7,514,082	$ 9,695,125	$ (2,181,043)	78%	$ 1,187,749	184%
2012	7,336,192	9,697,288	(2,361,096)	76%	1,142,655	207%
2013	7,308,459	10,163,580	(2,855,121)	72%	1,291,966	221%

REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended September 30, 2014

Road Commission–Component Unit

Other Post-Employment Benefits

Required Supplementary Information-Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Underfunded (Overfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
09/30/12	$ -	$ 2,196,514	$ 2,196,514	0%	$ 1,291,792	170%
09/30/13	-	2,196,514	2,196,514	0%	1,307,511	168%
09/30/14	-	2,196,514	2,196,514	0%	1,468,921	149%

CLARE COUNTY **EXHIBIT K**
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Fiscal Year Ended September 30, 2014

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes and Penalties	$ 5,052,387	$ 5,053,051	$ 5,003,651	$ (49,400)
Licenses and Permits	93,971	83,971	75,828	(8,143)
Federal Grants	125,420	121,394	122,584	1,190
State Grants	1,219,968	1,318,309	1,276,480	(41,829)
Contributions From Local Units	446,870	516,303	471,054	(45,249)
Charges for Services	2,430,231	3,062,011	2,863,830	(198,181)
Fines and Forfeits	24,500	26,800	17,890	(8,910)
Interest and Rentals	426,667	439,450	437,657	(1,793)
Other Revenue	248,401	769,803	782,901	13,098
Total Revenues	10,068,415	11,391,092	11,051,875	(339,217)
Expenditures				
Current				
General Government	3,932,787	4,081,349	3,999,664	81,685
Public Safety	4,582,501	4,860,242	4,694,277	165,965
Public Works	3,177	3,177	3,048	129
Health and Welfare	570,467	614,034	607,299	6,735
Community and Economic Development	22,500	22,500	22,500	-
Recreational and Cultural	20,689	20,960	13,794	7,166
Other	1,228,019	1,248,586	1,168,476	80,110
Capital Outlay	71,179	217,586	232,754	(15,168)
Debt Service	85,680	95,050	67,844	27,206
Total Expenditures	10,516,999	11,163,485	10,809,656	353,829
Excess of Revenues Over (Under) Expenditures	(448,584)	227,608	242,219	14,611
Other Financing Sources (Uses)				
Interfund Transfers In	600,400	776,604	766,701	(9,903)
Interfund Transfers (Out)	(476,950)	(566,458)	(566,438)	20
Total Other Financing Sources (Uses)	123,450	210,146	200,263	(9,883)
Net Change in Fund Balances	(325,134)	437,753	442,482	4,729
Fund Balance--October 1, 2013	1,300,000	318,045	1,670,427	1,352,382
Fund Balance--September 30, 2014	$ 974,866	$ 755,798	$ 2,112,909	$ 1,357,111

CLARE COUNTY **EXHIBIT L**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GYPSY MOTH--MAJOR SPECIAL REVENUE FUND
For the Fiscal Year Ended September 30, 2014

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest and Rentals	$ 4,000	$ 4,000	$ 3,898	$ (102)
Other Revenue	-	4,350	4,314	(36)
Total Revenues	4,000	8,350	8,212	(138)
Expenditures				
Current				
General Government	136,354	136,354	28,763	107,591
Total Expenditures	136,354	136,354	28,763	107,591
Excess of Revenues Over (Under) Expenditures	(132,354)	(128,004)	(20,551)	107,453
Fund Balance--October 1, 2013	836,716	832,366	927,634	95,268
Fund Balance--September 30, 2014	$ 704,362	$ 704,362	$ 907,083	$ 202,721

CLARE COUNTY **EXHIBIT M**

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT ESCROW
For the Fiscal Year Ended September 30, 2014

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Federal Grants	$ 230,000	$ 296,507	$ 156,897	$ (139,610)
Interest and Rentals	2,300	2,800	2,460	(340)
Other Revenue	29,000	63,200	50,705	(12,495)
Total Revenues	261,300	362,507	210,062	(152,445)
Expenditures				
Current				
Community and Economic Development	276,500	377,607	273,011	104,596
Total Expenditures	276,500	377,607	273,011	104,596
Excess of Revenues Over (Under) Expenditures	(15,200)	(15,100)	(62,949)	(47,849)
Fund Balance--October 1, 2013	142,276	142,276	142,276	-
Fund Balance--September 30, 2014	$ 127,076	$ 127,176	$ 79,327	$ (47,849)

CLARE COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2014

EXHIBIT N

	SPECIAL REVENUE FUNDS										
	Friend of the Court	Building Department	Register of Deeds Automation	911 Service	Local Corrections Officers	Drug Law Enforcement	ORV Ordinance	OWI Forfeiture	Clare-Gladwin Recovery Court	Law Library	Community Development
ASSETS											
Cash	$ 22,842	$ 36,581	$ 270,530	$ 325,507	$ 8,079	$ 6,531	$ 4,186	$ 35,857	$ 1,753	$ 14,871	$ 25,713
Accounts Receivable	-	-	-	33,096	30	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-	-	-	5,609
Due From State of Michigan	5,456	-	-	45,266	-	-	-	-	14,340	-	-
Due From Other Agencies	48,098	1,133	-	-	-	1,264	-	-	2,420	-	-
Total Assets	$ 76,396	$ 37,714	$ 270,530	$ 403,869	$ 8,109	$ 7,795	$ 4,186	$ 35,857	$ 18,513	$ 14,871	$ 31,322
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES											
Accounts Payable	$ 2,284	$ 6,581	$ 1,979	$ 48,522	$ -	$ 3,460	$ -	$ 1,698	$ 844	$ 555	$ 511
Accrued Liabilities	6,715	2,900	-	14,156	-	-	-	-	753	-	-
Due to General Fund	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	8,999	9,481	1,979	62,678	-	3,460	-	1,698	1,597	555	511
DEFERRED INFLOWS OF RESOURCES											
Unavailable Revenue	-	-	-	-	-	-	-	-	-	-	5,609
Fund Balance--Restricted	67,397	28,233	268,551	341,191	8,109	4,335	4,186	34,159	16,916	14,316	25,202
Total Liabilities, Deferred Inflows and Fund Balances	$ 76,396	$ 37,714	$ 270,530	$ 403,869	$ 8,109	$ 7,795	$ 4,186	$ 35,857	$ 18,513	$ 14,871	$ 31,322

CLARE COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2014

EXHIBIT N
(CONTINUED)

	Senior Services	Department of Human Services	Child Care Probate	Child Care DHS	Soldiers and Sailors Relief	Veterans Trust	Veteran's Special Projects	Airport
ASSETS								
Cash	$ 106,343	$ 37,983	$ 29,945	$ -	$ 15,445	$ 1,277	$ 88,779	$ 1,934
Accounts Receivable	-	-	-	-	-	-	-	-
Loans Receivable	-	-	-	-	-	-	-	-
Due From State of Michigan	-	-	77,864	-	-	-	-	-
Due From Other Agencies	47,004	-	-	-	-	-	-	1,200
Total Assets	$ 153,347	$ 37,983	$ 107,809	$ -	$ 15,445	$ 1,277	$ 88,779	$ 3,134
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES								
Accounts Payable	$ 32,211	$ -	$ 24,140	$ -	$ 833	$ -	$ 528	$ 515
Accrued Liabilities	11,715	4,951	-	-	-	-	-	-
Due to General Fund	-	-	-	-	-	-	-	-
Total Liabilities	43,926	4,951	24,140	-	833	-	528	515
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue	-	-	-	-	-	-	-	-
Fund Balance--Restricted	109,421	33,032	83,669	-	14,612	1,277	88,251	2,619
Total Liabilities, Deferred Inflows and Fund Balances	$ 153,347	$ 37,983	$ 107,809	$ -	$ 15,445	$ 1,277	$ 88,779	$ 3,134

CLARE COUNTY
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2014

EXHIBIT N
(CONTINUED)

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
	Building Authority Refunding Debt	Brownfield Debt	USDA Loan Debt	Animal Shelter Construction	Brownfield Redevelopment Authority	Total
ASSETS						
Cash	$ -	$ -	$ -	$ 258,693	$ 28,841	$ 1,321,690
Accounts Receivable	-	-	-	-	-	33,126
Loans Receivable	-	-	-	-	-	5,609
Due From State of Michigan	-	-	-	-	-	142,926
Due From Other Agencies	-	-	-	-	-	101,119
Total Assets	$ -	$ -	$ -	$ 258,693	$ 28,841	$ 1,604,470
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
Accounts Payable	$ -	$ -	$ -	$ 758	$ -	$ 125,419
Accrued Liabilities	-	-	-	-	-	41,190
Due to General Fund	-	-	-	-	-	-
Total Liabilities	-	-	-	758	-	166,609
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	-	-	-	-	-	5,609
Fund Balance--Restricted	-	-	-	257,935	28,841	1,432,252
Total Liabilities, Deferred Inflows and Fund Balances	$ -	$ -	$ -	$ 258,693	$ 28,841	$ 1,604,470

CLARE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

EXHIBIT O

	SPECIAL REVENUE FUNDS										
	Friend of Court	Building Department	Register of Deeds Automation	911 Service	Local Corrections Officers	Drug Law Enforcement	ORV Ordinance	OWI Forfeiture	Clare-Gladwin Recovery Court	Law Library	Community Development
Revenues											
Taxes	$ -	$ -	$ -	$ 360,127	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	189,898	-	-	-	-	-	-	-	-	-
Federal Grants	272,993	-	-	-	-	-	-	-	-	-	-
State Grants	22,263	-	-	165,660	-	-	-	-	27,571	-	-
Charges for Services	29,100	1,650	46,925	128,466	-	-	-	-	-	-	-
Fines and Forfeits	-	-	-	-	13,480	9,871	1,490	35,617	-	5,250	-
Interest and Rentals	-	-	671	1,480	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	6,477	-	43,503
Total Revenues	324,356	191,548	47,596	655,733	13,480	9,871	1,490	35,617	34,048	5,250	43,503
Expenditures											
General Government	348,230	-	10,052	-	-	-	-	-	-	3,718	-
Public Safety	-	152,579	-	799,007	10,250	11,075	745	16,604	38,865	-	-
Public Works	-	-	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-	-	-
Community and Economic Development	-	-	-	-	-	-	-	-	-	-	42,581
Capital Outlay	-	12,778	27,699	41,002	-	-	-	7,135	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	348,230	165,357	37,751	840,009	10,250	11,075	745	23,739	38,865	3,718	42,581
Excess of Revenue Over (Under) Expenditures	(23,874)	26,191	9,845	(184,276)	3,230	(1,204)	745	11,878	(4,817)	1,532	922
Other Financing Sources (Uses)											
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Interfund Transfers In	59,365	-	-	-	-	-	-	-	-	-	-
Interfund Transfers (Out)	-	-	-	-	-	(1,200)	-	-	-	-	-
Total Other Financing Sources (Uses)	59,365	-	-	-	-	(1,200)	-	-	-	-	-
Net Change in Fund Balances	35,491	26,191	9,845	(184,276)	3,230	(2,404)	745	11,878	(4,817)	1,532	922
Fund Balance--October 1, 2013	31,906	2,042	258,706	525,467	4,879	6,739	3,441	22,281	21,733	12,784	24,280
Fund Balance--September 30, 2014	$ 67,397	$ 28,233	$ 268,551	$ 341,191	$ 8,109	$ 4,335	$ 4,186	$ 34,159	$ 16,916	$ 14,316	$ 25,202

CLARE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

EXHIBIT O
(CONTINUED)

	Senior Services	Department of Human Services	Child Care Probate	Child Care DHS	Soldiers and Sailors Relief	Veterans Trust	Veteran's Special Projects	Airport
Revenues								
Taxes	$ 489,586	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-	-	-	-
Federal Grants	194,727	-	-	-	-	-	-	-
State Grants	17,394	-	121,509	143,623	-	2,343	-	-
Charges for Services	-	-	357	-	-	-	-	-
Fines and Forfeits	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	69	3,904
Other	230,073	-	-	-	300	-	65,678	-
Total Revenues	931,780	-	121,866	143,623	300	2,343	65,747	3,904
Expenditures								
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	14,586
Health and Welfare	993,966	2,323	252,657	293,623	9,293	1,622	11,602	-
Community and Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	131,950	-	-	-	-	-	19,500	54,829
Principal	-	-	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-	-	-
Total Expenditures	1,125,916	2,323	252,657	293,623	9,293	1,622	31,102	69,415
Excess of Revenue Over (Under) Expenditures	(194,136)	(2,323)	(130,791)	(150,000)	(8,993)	721	34,645	(65,511)
Other Financing Sources (Uses)								
Bond Proceeds	135,000	-	-	-	-	-	-	-
Interfund Transfers In	-	5,000	150,000	150,000	10,000	-	-	66,608
Interfund Transfers (Out)	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	135,000	5,000	150,000	150,000	10,000	-	-	66,608
Net Change in Fund Balances	(59,136)	2,677	19,209	-	1,007	721	34,645	1,097
Fund Balance--October 1, 2013	168,557	30,355	64,460	-	13,605	556	53,606	1,522
Fund Balance--September 30, 2014	$ 109,421	$ 33,032	$ 83,669	$ -	$ 14,612	$ 1,277	$ 88,251	$ 2,619

CLARE COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended September 30, 2014

EXHIBIT O
(CONTINUED)

	DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS		
	Building Authority Refunding Debt	Brownfield Debt	USDA Loan Debt	Animal Shelter Construction	Brownfield Redevelopment Authority	Total
Revenues						
Taxes	$ -	$ -	$ -	$ -	$ 9,095	$ 858,808
Licenses and Permits	-	-	-	-	-	189,898
Federal Grants	-	-	-	-	-	467,720
State Grants	-	-	-	-	-	500,363
Charges for Services	-	-	-	-	-	206,498
Fines and Forfeits	-	-	-	-	-	65,708
Interest and Rentals	-	-	-	957	-	7,081
Other	-	-	-	-	-	346,031
Total Revenues	-	-	-	957	9,095	2,642,107
Expenditures						
General Government	-	-	-	-	-	362,000
Public Safety	-	-	-	4,025	-	1,033,150
Public Works	-	-	-	-	-	14,586
Health and Welfare	-	-	-	-	-	1,565,086
Community and Economic Development	-	-	-	-	-	42,581
Capital Outlay	-	-	-	-	-	294,893
Principal	97,000	13,539	8,000	-	-	118,539
Interest and Fees	8,184	2,641	1,898	-	-	12,723
Total Expenditures	105,184	16,180	9,898	4,025	-	3,443,558
Excess of Revenue Over (Under) Expenditures	(105,184)	(16,180)	(9,898)	(3,068)	9,095	(801,451)
Other Financing Sources (Uses)						
Bond Proceeds	-	-	-	-	-	135,000
Interfund Transfers In	105,184	16,180	9,898	-	-	572,235
Interfund Transfers (Out)	-	-	-	-	(16,180)	(17,380)
Total Other Financing Sources (Uses)	105,184	16,180	9,898	-	(16,180)	689,855
Net Change in Fund Balances	-	-	-	(3,068)	(7,085)	(111,596)
Fund Balance--October 1, 2013	-	-	-	261,003	35,926	1,543,848
Fund Balance--September 30, 2014	$ -	$ -	$ -	$ 257,935	$ 28,841	$ 1,432,252

CLARE COUNTY **EXHIBIT P**
COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
September 30, 2014

	BUSINESS-TYPE ACTIVITIES			
	Land Bank Authority	Tax Anticipation	Jail Commissary	Total Non-Major Funds
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 41,116	$ -	$ 63,222	$ 104,338
Accounts Receivable	-	-	2,866	2,866
Total Current Assets	41,116	-	66,088	107,204
Total Assets	$ 41,116	$ -	$ 66,088	$ 107,204
LIABILITIES				
Current Liabilities				
Accounts Payable	$ -	$ -	$ 2,471	$ 2,471
Total Current Liabilities	-	-	2,471	2,471
Total Liabilities	-	-	2,471	2,471
NET POSITION				
Unrestricted	41,116	-	63,617	104,733
Total Net Position	$ 41,116	$ -	$ 63,617	$ 104,733

CLARE COUNTY **EXHIBIT Q**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION--NON-MAJOR ENTERPRISE FUNDS

For the Fiscal Year Ended September 30, 2014

	BUSINESS-TYPE ACTIVITIES			Total Non-Major Enterprise Funds
	Land Bank Authority	Tax Anticipation	Jail Commissary	
Operating Revenues				
Charges for Services	$ 542	$ -	$ 98,437	$ 98,979
Total Operating Revenues	542	-	98,437	98,979
Operating Expenses				
Contractual Services	56	-	-	56
Materials and Supplies		-	44,979	44,979
Total Operating Expenses	56	-	44,979	45,035
Operating Income (Loss)	486	-	53,458	53,944
Nonoperating Revenues (Expenses)				
Interest Expense	-	(10,383)	-	(10,383)
Total Nonoperating Revenues (Expenses)	-	(10,383)	-	(10,383)
Interfund Transfers				
Transfers In (Out)	-	10,383	(61,004)	(50,621)
Change in Net Position	486	-	(7,546)	(7,060)
Total Net Position--October 1, 2013	40,630	-	71,163	111,793
Total Net Position--September 30, 2014	$ 41,116	$ -	$ 63,617	$ 104,733

CLARE COUNTY **EXHIBIT R**
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Fiscal Year Ended September 30, 2014

	BUSINESS-TYPE ACTIVITIES			
	Land Bank Authority	Tax Anticipation	Jail Commissary	Total Enterprise Funds
Cash Flows From Operating Activities				
Cash Received From Customers	$ 542	$ -	$ 102,820	$ 103,362
Cash Payments to Suppliers for Goods and Services	(56)	-	(43,483)	(43,539)
Net Cash Provided by Operating Activities	486	-	59,337	59,823
Cash Flows From Noncapital Financing Activities				
Transfers In (Out)	-	10,383	(61,004)	(50,621)
Net Cash Provided by Noncapital Financing Activities	-	10,383	(61,004)	(50,621)
Cash Flows From Investing Activities				
Interest Expense	-	(10,383)	-	(10,383)
Net Cash Provided by Investing Activities	-	(10,383)	-	(10,383)
Net Increase (Decrease) in Cash and Cash Equivalents	486	-	(1,667)	(1,181)
Cash and Cash Equivalents at Beginning of Year	40,630	-	64,889	105,519
Cash and Cash Equivalents at End of Year	$ 41,116	$ -	$ 63,222	$ 104,338
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income (Loss)	$ 486	$ -	$ 53,458	$ 53,944
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
(Increase) Decrease in Accounts Receivable	-	-	4,383	4,383
Increase (Decrease) in Accounts Payable	-	-	1,496	1,496
Net Cash Provided by Operating Activities	$ 486	$ -	$ 59,337	$ 59,823

CLARE COUNTY **EXHIBIT S**
COMBINING STATEMENT OF FIDUCIARY
NET POSITION--AGENCY FUNDS
September 30, 2014

	General Agency	Library (Penal Fines) Fund	Payroll Fund	Total
ASSETS				
Cash	$ 3,402,844	$ 54,063	$ 81,173	$ 3,538,080
Investments	-	176,938	-	176,938
Total Assets	$ 3,402,844	$ 231,001	$ 81,173	$ 3,715,018
LIABILITIES AND FUND BALANCE				
Liabilities				
Due to State of Michigan	$ 3,292,214	$ -	$ -	$ 3,292,214
Undistributed Penal Fines and Interest	-	230,894	-	230,894
Other Liabilities	110,630	107	81,173	191,910
Total Liabilities	$ 3,402,844	$ 231,001	$ 81,173	$ 3,715,018

CLARE COUNTY **EXHIBIT T**
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended September 30, 2014

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Taxes and Penalties				
Current Property Taxes	$ 4,800,000	$ 4,800,000	$ 4,766,284	$ (33,716)
Unpaid Personal Property Taxes	13,000	4,000	1,688	(2,312)
Trailer Taxes	2,500	2,500	2,011	(489)
Swampland Tax	41,500	41,500	41,450	(50)
Commercial Forest Reserve	37	41	40	(1)
Industrial Facility Tax	25,000	25,000	20,474	(4,526)
Payments-in-Lieu of Taxes	10,350	10,010	9,996	(14)
Property Tax Administration Fees	160,000	170,000	161,708	(8,292)
Total Taxes and Penalties	5,052,387	5,053,051	5,003,651	(49,400)
Licenses and Permits				
Marriage Licenses	1,220	1,220	1,130	(90)
Marriage Licenses--Family Counseling	3,300	3,300	-	(3,300)
Dog Licenses	50,000	38,000	37,070	(930)
Pistol Permits	21,450	21,450	19,267	(2,183)
Soil Erosion and Sedimentation Permits	18,000	20,000	18,360	(1,640)
Explosives Permits	1	1	1	-
Total Licenses and Permits	93,971	83,971	75,828	(8,143)
Federal Grants				
DOJ-Byrne-Bayonet	50,000	2,000	37	(1,963)
Emergency Management Performance Grant	10,000	10,000	12,832	2,832
Hazardous Materials Emergency Planning Grant	100	100	597	497
Homeland Security Planning	-	35,974	41,199	5,225
Public Guardian Services	3,350	3,350	3,185	(165)
Bullet Proof Vest Program	2,000	2,000	-	(2,000)
Marine Safety Program	5,913	5,913	6,000	87
Foster Care - Title IV-E	13,000	18,000	14,375	(3,625)
Cooperative Reimbursement Program--Prosecuting Attorney	41,057	44,057	44,359	302
CPS DHS Prosecutor	-	-	-	-
Total Federal Grants	125,420	121,394	122,584	1,190
State Grants				
Probate Judges' Salary	102,241	103,000	94,195	(8,805)
Judges' Salary Standardization	100,592	100,692	100,593	(99)
State Court Equity Fund	160,000	163,000	162,611	-
Secondary Road Patrol	47,990	49,383	49,383	-
Livery Inspections--Sheriff	100	100	4	(96)
State Aid Caseflow Assistance	14,000	13,000	12,898	(102)
State Snowmobile Grant	3,648	3,648	3,500	(148)
Judicial Network Project	750	550	539	-
Michigan Justice Training	5,300	8,200	5,559	-
Off-Road Vehicle Enforcement	3,000	6,600	-	(6,600)
Off-Road Vehicle Safety Education	2,000	-	-	-
Juvenile Officer Grant	27,317	27,320	27,317	-
Food Stamp Fraud	1,000	1,000	675	(325)
Victims Rights Grant	30,700	44,000	47,241	3,241
State Cigarette Tax	-	1,231	1,231	-
Convention Facilities Liquor Tax	171,715	212,715	199,033	(13,682)
Revenue Sharing	497,715	516,520	516,516	-
Remonumentation	37,000	57,250	45,484	(11,766)
Juror Compensation	7,800	2,500	2,375	(125)
Liquor Law Enforcement	6,500	7,000	6,901	(99)
Election	-	-	-	-
Voter Registration	600	600	425	(175)
Total State Grants	1,219,968	1,318,309	1,276,480	(41,829)

CLARE COUNTY **EXHIBIT T**
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES **(CONTINUED)**
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended September 30, 2014

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Contributions From Local Units				
Liquor Law Enforcement--Townships	2,000	2,000	385	(1,615)
Law Enforcement Contracts				
Lincoln Township	156,148	156,148	125,059	(31,089)
City of Harrison	155,477	155,477	149,650	(5,827)
Hayes Township	63,073	63,073	58,822	(4,251)
Garfield Township	-	7,928	6,775	(1,153)
Weighmaster Contract	3,550	8,000	7,925	(75)
Association of Marine Enforcement	-	3,884	2,645	(1,239)
2% Tribal Reimbursement	-	50,000	50,000	-
School Safety Match				-
Harrison	37,000	37,000	37,000	-
Farwell	29,622	32,793	32,793	-
Total Contributions From Local Units	446,870	516,303	471,054	(45,249)
Charges for Services				
Circuit Court Costs	130,000	118,000	104,574	(13,426)
District Court Costs	330,000	388,000	373,787	(14,213)
Circuit Court Services	16,010	16,010	11,767	(4,243)
Public Guardian Services	12,000	12,000	12,697	697
Probate Court Services	24,000	27,000	25,220	(1,780)
Administrative Services	100	-	-	-
Clerk Services	52,500	46,500	42,285	(4,215)
Partnerships and Assumed Names	3,000	3,000	2,395	(605)
Equalization Department Services				
Nongovernmental	12,500	25,000	21,808	(3,192)
Local Units	58,500	50,500	45,228	(5,272)
Election Services	-	-	-	-
Planning Committee Services	-	200	154	(46)
Register of Deeds Services	158,700	136,100	131,026	(5,074)
Treasurer Services	13,000	17,000	15,896	(1,104)
Sheriff Services	14,500	14,500	13,962	(538)
Preliminary Breath Test Fees	10,000	16,500	15,320	(1,180)
Drain Services	3,500	3,500	3,033	(467)
Animal Control Services	9,500	9,500	7,697	(1,803)
District Court Attorney Fees	125,000	80,000	76,133	(3,867)
Probate Court Attorney Fees	850	850	350	(500)
Real Estate Transfer Tax	53,000	73,000	69,711	(3,289)
25% Child Care Fund Collection Fees	900	900	29	(871)
Abstract Department Mailing Fees	20	20	-	(20)
Abstract Department Use of Tract Book	35,000	33,000	31,395	(1,605)
Abstract Title Searches	4,000	4,000	3,200	(800)
Prosecutor OWI Cases	3,400	4,700	4,182	(518)
PAAC/PAAM Victim Rights	1,000	1,000	500	(500)
District Court Assessment and Evaluation Fees	31,500	28,500	27,219	(1,281)
District Court Bond Costs	13,000	13,000	12,604	(396)
District Court Civil Fees	93,000	93,000	91,185	(1,815)
Sheriff Service of Papers	45,000	38,000	35,586	(2,414)
Animal Adoption Fees	5,000	5,000	4,910	(90)
Record Copying	4,200	4,800	4,185	(615)
Jail Fees	4,381	4,381	3,552	(829)
Transportation of Prisoners	17,760	20,000	19,676	(324)
Housing of Inmates--Other Counties	1,000,000	1,500,000	1,402,950	(97,050)
Housing of Inmates--State Detainees	18,000	23,000	19,946	(3,054)
Housing of Inmates--Diverted Felons	45,960	155,000	145,430	(9,570)
Weekend Lodging--Jail	7,200	14,500	13,710	(790)
Inmates Room and Board	14,600	16,100	15,123	(977)

CLARE COUNTY
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended September 30, 2014

EXHIBIT T
(CONTINUED)

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Charges for Services (Continued)				
Inmates Work Release	7,000	7,000	3,397	(3,603)
Pay Phone Commissions	41,600	29,600	27,581	(2,019)
Vending Machine Commissions	1,500	1,500	778	(722)
Salvage Inspections	2,500	5,800	4,900	(900)
Auto Storage Fees	1,250	1,500	1,140	(360)
Cobra Services	2,500	9,100	9,999	899
Salvage Sales	2,500	2,500	142	(2,358)
Confiscated Property Sales	600	3,600	2,426	(1,174)
Abandoned Vehicle Sales	-	2,050	2,042	(8)
Circuit Court Sex Offender Program	200	3,300	3,000	(300)
Total Charges for Services	2,430,231	3,062,011	2,863,830	(198,181)
Fines and Forfeits				
Circuit Court Bond Forfeitures	6,500	6,500	6,920	420
District Court Bond Forfeitures	5,500	7,500	-	(7,500)
Ordinance Fines and Costs	12,500	12,800	10,970	(1,830)
Total Fines and Forfeits	24,500	26,800	17,890	(8,910)
Interest and Rents				
Interest Earned	20,000	15,000	12,450	(2,550)
Rent	66,667	84,450	82,190	(2,260)
Royalties--Landfill	340,000	340,000	343,017	3,017
Total Interest and Rents	426,667	439,450	437,657	(1,793)
Other Revenues				
Contributions From Private Sources	28,175	40,361	69,149	28,788
Reimbursements				
Insurance	650	650	484	(166)
Bench Warrants	-	-	50	50
Tax Collection Bond	900	900	-	(900)
Township Tax Notice Postage	6,100	6,100	3,771	(2,329)
Postage	22,800	22,800	25,067	2,267
Workers' Compensation	7,500	7,500	616	(6,884)
Inmate Medical	4,000	4,000	1,837	(2,163)
Gladwin County				
Circuit Court	900	900	938	38
District Court	32,000	38,000	39,319	1,319
Probate Court	44,500	44,700	41,520	(3,180)
Restitution	5,000	-	-	-
Health Insurance	64,800	52,366	51,279	(1,087)
Other	30,876	551,326	549,068	(2,258)
Over and Short	200	200	(197)	(397)
Total Other Revenues	248,401	769,803	782,901	13,098
Total Revenue	10,068,415	11,391,092	11,051,875	(339,217)
Other Financing Sources				
Interfund Transfers In				
Drug Law Fund	400	1,600	1,200	(400)
Jail Commissary	-	70,504	61,004	(9,500)
Delinquent Tax Revolving Fund	400,000	400,000	400,000	-
Tax Foreclosure	200,000	304,500	304,497	(3)
Total Other Financing Sources	600,400	776,604	766,701	(9,903)
Total Revenues and Other Financing Sources	$ 10,668,815	$ 12,167,696	$ 11,818,576	$ (349,120)

CLARE COUNTY **EXHIBIT U**
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended September 30, 2014

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
General Government				
Board of Commissioners	$ 95,387	$ 99,087	$ 98,708	$ 379
Circuit Court	344,782	351,242	357,785	(6,543)
District Court	639,274	637,048	620,405	16,643
Public Guardian	36,105	36,105	35,932	173
Probate Court	500,939	499,831	498,371	1,460
Circuit Court Probation	2,664	2,664	2,007	657
Family Counseling	1,200	1,200	1,200	-
Jury Board	1,881	4,012	3,852	160
Administrator	115,889	127,724	126,330	1,394
Elections	79,035	79,800	79,800	-
Clerk	363,319	379,997	374,967	5,030
Equalization Department	164,262	167,754	164,510	3,244
Prosecuting Attorney	444,118	456,307	439,156	17,151
Register of Deeds	176,535	183,372	152,883	30,489
Abstract Department	45,781	46,804	46,290	514
Surveyor	4,419	11,910	4,065	7,845
Remonumentation	37,000	57,250	90,227	(32,977)
Treasurer	216,641	225,335	221,081	4,254
Cooperative Extension Service	65,071	69,644	68,324	1,320
Information Technology	100,912	137,824	112,181	25,643
Building Authority	246	246	-	246
Courthouse and Grounds	255,745	245,960	241,761	4,199
Drain Commissioner	85,719	88,622	87,512	1,110
Soil Conservation	3,000	3,000	3,000	-
Soil Erosion and Sedimentation	18,000	19,180	18,360	820
Record Copying	25,881	40,400	42,425	(2,025)
Mailing	64,310	64,310	63,981	329
Professional Services	44,500	44,550	44,550	-
Plat Board	172	172	-	172
Total General Government	3,932,787	4,081,349	3,999,663	81,686
Public Safety				
Sheriff	1,589,843	1,642,695	1,587,517	55,178
DOJ Edward Byrne Grant	50,892	54,970	54,252	718
School Safety	65,413	74,750	73,733	1,017
Sheriff--City of Harrison	142,285	147,227	138,906	8,321
Sheriff--Lincoln Township	142,577	134,197	119,359	14,838
Sheriff--Grant Township	-	7,928	5,708	2,220
Sheriff--Hayes Township	56,387	61,667	61,407	260
Marine Safety Program	5,913	12,118	9,616	2,502
Secondary Road Patrol	67,075	78,314	61,949	16,365
Off-Road Vehicle Grant	3,900	7,604	6,438	1,166
Snowmobile Safety Program	3,648	5,103	4,221	882

CLARE COUNTY
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended September 30, 2014

EXHIBIT U
(CONTINUED)

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Public Safety (Continued)				
Off-Road Vehicle Safety Education Grant	3,150	3,150	509	2,641
Jail and Turnkey	2,097,536	2,232,969	2,192,958	40,011
Court Security	103,916	114,421	112,261	2,160
Local Emergency Planning Committee	2,770	350	350	-
Office of Emergency Management	40,163	70,585	53,400	17,185
Animal Control	207,033	212,194	211,693	501
Total Public Safety	4,582,501	4,860,242	4,694,277	165,965
Public Works				
Department of Public Works	100	100	-	100
Drain-at-Large Assessments	3,077	3,077	3,048	29
Total Public Works	3,177	3,177	3,048	129
Health and Welfare				
Central Michigan District Health Department	211,628	211,628	211,497	131
Contagious Diseases	1,200	1,200	1,063	137
Substance Abuse	85,858	107,197	107,197	-
Medical Examiners	65,434	86,334	87,079	(745)
Central Michigan Mental Health Services	139,000	139,000	139,000	-
Veterans Burials	12,800	11,477	5,600	5,877
Office of Veterans Affairs	54,547	57,198	55,863	1,335
Total Health and Welfare	570,467	614,034	607,299	6,735
Community and Economic Development				
Middle Michigan Development	22,500	22,500	22,500	-
Total Community and Economic Development	22,500	22,500	22,500	-
Recreational and Cultural				
Parks and Recreation	20,689	20,960	13,794	7,166
Total Recreational and Cultural	20,689	20,960	13,794	7,166
Other				
Insurance and Bonds				
Workers Compensation	45,000	45,660	42,783	2,877
Liability	296,750	204,301	204,301	-
Health Insurance Reimbursements	393,592	400,275	386,655	13,620
Unemployment	50,000	37,500	25,944	11,556
Employee Retirement	351,077	497,723	460,731	36,992
Litigations--Attorney Fees	34,000	46,080	42,869	3,211
Professional Services--Studies and Reports	8,000	7,000	7,000	-
Tax Appeals Adjustments	8,000	8,000	911	7,089
Other	1,600	1,800	1,685	115
Contingency	40,000	247	(4,403)	4,650
Total Other	1,228,019	1,248,586	1,168,476	80,110

CLARE COUNTY
SCHEDULE OF EXPENDITURES AND OTHER USES--BY ACTIVITY
BUDGET AND ACTUAL--GENERAL FUND
For the Fiscal Year Ended September 30, 2014

EXHIBIT U
(CONTINUED)

	BUDGETED AMOUNTS			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Capital Outlay				
New Equipment				
Clerk	-	20,400	20,400	-
Computers	4,933	19,123	14,190	4,933
Building and Grounds	-	5,278	5,278	-
Sheriff--Vehicles	66,246	66,740	64,774	1,966
Jail	-	106,045	105,645	400
Emergency Management	-	-	22,467	(22,467)
Total Capital Outlay	71,179	217,586	232,754	(15,168)
Debt Service				
Principal	65,710	73,971	61,204	12,767
Interest	19,970	21,079	6,640	14,439
Total Debt Service	85,680	95,050	67,844	27,206
Total Expenditures	10,516,999	11,163,484	10,809,655	353,829
Other Financing Uses				
Interfund Transfers (Out)--Primary Government				
Friend of Court Fund	59,365	59,365	59,365	-
Clare-Gladwin Recovery Court Fund	7,500		-	-
Department of Human Services Fund	5,000	5,000	5,000	-
Child Care Probate Fund	150,000	150,000	150,000	-
Child Care DHS Fund	105,000	150,000	150,000	-
Soldiers and Sailors Relief Fund	10,000	10,000	10,000	-
Airport Fund	5,000	66,608	66,608	-
Building Authority Refunding Debt Fund	105,185	105,185	105,184	1
Building Renovation Fund	9,900	9,900	9,898	2
Delinquent Tax Revolving Fund	20,000	10,400	10,383	17
Total Other Financing Uses--Primary Government	476,950	566,458	566,438	20
Total Expenditures and Other Financing Uses	$ 10,993,949	$ 11,729,942	$ 11,376,093	$ 353,849

CLARE COUNTY **EXHIBIT V-1**
COMBINING STATEMENT OF NET POSITION
DRAIN COMPONENT UNIT
September 30, 2014

	CAPITAL PROJECTS				
	Drain	Drain Revolving	Lake Level	Lake Level Revolving	Total
ASSETS					
Current Assets					
Cash	$ 102,384	$ 25,347	$ 23,204	$ 48,890	$ 199,825
Investments	20,903	-	-	-	20,903
Due From Other Funds -Component Unit	-	4,348	-	4,600	8,948
Total Current Assets	123,287	29,695	23,204	53,490	229,676
Noncurrent Assets					
Capital Assets--Net of Accumulated Depreciation	603,823	-	110,390	-	714,213
Total Noncurrent Assets	603,823	-	110,390	-	714,213
Total Assets	$ 727,110	$ 29,695	$ 133,594	$ 53,490	$ 943,889
LIABILITIES					
Liabilities					
Current Liabilities					
Accounts Payable	$ 1,584	$ -	$ 470	$ -	$ 2,054
Due to Other Funds-Primary Government	80,000	-	-	-	80,000
Due to Other Funds-Component Unit	4,348	-	4,600	-	8,948
Total Current Liabilities	85,932	-	5,070	-	91,002
Noncurrent Liabilities					
Long-Term Advances From Primary Government	-	29,695	-	53,490	83,185
Total Noncurrent Liabilities	-	29,695	-	53,490	83,185
Total Liabilities	85,932	29,695	5,070	53,490	174,187
NET POSITION					
Net Investment in Capital Assets	603,823	-	110,390	-	714,213
Restricted for Capital Projects	37,355	-	18,134	-	55,489
Total Net Position	$ 641,178	$ -	$ 128,524	$ -	$ 769,702

CLARE COUNTY **EXHIBIT V-2**
COMBINING STATEMENT OF ACTIVITIES
DRAIN COMPONENT UNIT
For the Fiscal Year Ended September 30, 2014

		PROGRAM REVENUES		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue
Drain				
Governmental Activities				
Public Works	$ 26,249	$ 4,668	$ 21	$ (21,560)
Interest on Related Debt	612	-	-	(612)
Total Drain	26,861	4,668	21	(22,172)
Drain Revolving				
Governmental Activities				
Public Works	-	-	-	-
Total Drain Revolving	-	-	-	-
Lake Level				
Governmental Activities				
Public Works	13,282	13,702	-	420
Total Lake Level	13,282	13,702	-	420
Lake Level Revolving				
Governmental Activities				
Public Works	-	-	-	-
Total Lake Level Revolving	$ -	$ -	$ -	$ -

Change in Net Position	$ (21,752)
Net Position--Beginning of Year	791,454
Net Position--End of Year	$ 769,702

CLARE COUNTY **EXHIBIT V-3**
COMBINING BALANCE SHEET
DRAIN--COMPONENT UNIT
GOVERNMENTAL FUNDS
September 30, 2014

	CAPITAL PROJECTS				
	Drain	Drain Revolving	Lake Level	Lake Level Revolving	Total
ASSETS					
Cash	$ 102,384	$ 25,347	$ 23,204	$ 48,890	$ 199,825
Investments	20,903	-	-	-	20,903
Due From Other Funds--Component Units	-	4,348	-	4,600	8,948
Total Assets	$ 123,287	$ 29,695	$ 23,204	$ 53,490	$ 229,676
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts Payable	$ 1,584	$ -	$ 470	$ -	$ 2,054
Due to Other Funds--Primary Government	80,000	-	-	-	80,000
Due to Other Funds--Component Units	4,348	-	4,600	-	8,948
Long-Term Advances From Primary Government	-	29,695	-	53,490	83,185
Total Liabilities	85,932	29,695	5,070	53,490	174,187
Fund Balance					
Fund Balance--Restricted	37,355	-	18,134	-	55,489
Total Fund Balance	37,355	-	18,134	-	55,489
Total Liabilities and Fund Balance	$ 123,287	$ 29,695	$ 23,204	$ 53,490	$ 229,676

Fund Balance--Total Governmental Funds	$ 55,489
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activites are not financial resources and, therefore, are not reported in the funds.	714,213
Total Net Position	$ 769,702

CLARE COUNTY **EXHIBIT V-4**

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES--DRAIN--COMPONENT UNIT GOVERNMENTAL FUNDS

For the Fiscal Year Ended September 30, 2014

	CAPITAL PROJECTS				
	Drain	Drain Revolving	Lake Level	Lake Level Revolving	Total
Revenues					
Interest and Rentals	$ 21	$ -	$ -	$ -	$ 21
Special Assessments	21,399	-	13,834	-	35,233
Total Revenues	21,420	-	13,834	-	35,254
Expenditures					
Current					
Public Works	8,224	-	9,392	-	17,616
Capital Outlay	-	-	3,500	-	3,500
Debt Service					
Principal	15,506	-	-	-	15,506
Interest on Related Debt	612	-	-	-	612
Total Expenditures	24,342	-	12,892	-	37,234
Excess of Revenues Over (Under) Expenditures	(2,922)	-	942	-	(1,980)
Fund Balance (Deficit)--October 1, 2013	40,277	-	17,192	-	57,469
Fund Balance (Deficit)--September 30, 2014	$ 37,355	$ -	$ 18,134	$ -	$ 55,489

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

Net Change in Fund Balances--Total Governmental Funds	$ (1,980)
Governmental funds report capital outlays as expenditures. However, in the Statement of Net Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(18,547)
Principal payments are recorded as expenditures in governmental funds, but principal payments reduce long-term liabilities in the Statement of Net Position.	15,506
The long-term special assessments are not considered "available" in governmental funds, but are considered earned and are recognized as revenue in the Statement of Activities.	(16,731)
Change in Net Position of Governmental Activities	$ (21,752)

CLARE COUNTY **SCHEDULE 1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (1)(2)

For the Fiscal Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Revenue Recognized	Federal Expenditures
PRIMARY GOVERNMENT				
US DEPARTMENT OF AGRICULTURE--RURAL DEVELOPMENT				
Office of Rural Development--Direct				
Lead Base Paint Testing	10.769	(3)	$ 12,129	$ 12,129
TOTAL US DEPARTMENT OF AGRICULTURE			12,129	12,129
US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Michigan State Housing Development Authority--Direct				
Community Development Block Grant	14.228	MSC-2011-0761-HOA	144,768	144,768
TOTAL US DEPARTMENT OF JUSTICE			144,768	144,768
US DEPARTMENT OF JUSTICE				
Office of Michigan Department of State Police--Direct				
Edward Byrne Memorial Justice Assistance Grants-Meth in Michigan	16.738	(3)	37	37
TOTAL US DEPARTMENT OF JUSTICE			37	37
US DEPARTMENT OF TRANSPORTATION				
Office of Michigan Department of State Police--Direct				
Hazard Materials Emergency Preparedness	20.703	HM-HMP-0347-13-01-00	597	597
TOTAL US DEPARTMENT OF TRANSPORTATION			597	597
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Office of Michigan Department of Human Services--Passed Through				
Region VII Area Agency on Aging				
C-1 Congregate Meals	93.045	(3)	31,120	31,120
C-2 Home Delivered Meals	93.045	(3)	57,940	57,940
Title IIIB Case Coordination	93.044	(3)	20,789	20,789
Title IIIB Senior Center Staffing	93.044	(3)	5,273	5,273
Title IIIB Personal Care	93.044	(3)	1,757	1,757
Title IIIB Homemaker	93.044	(3)	5,227	5,227
Title IIIB Respite	93.044	(3)	403	403
Title IIIE Caregiver Training	93.052	(3)	8,992	8,992
Title IIID Evidence Based Program	93.043	(3)	3,478	3,478
Title IIIE Supplemental Funds	93.052	(3)	1,181	1,181
Title IIIE Kinship Care Funds	93.052	(3)	991	991
NSIP Congregate	93.053	(3)	12,870	12,870
NSIP Home Delivered Meals	93.053	(3)	33,745	33,745
Title IIIB POS CM Homemaking	93.044	(3)	333	333
POS Waiver	93.778	(3)	10,628	10,628
Office of Michigan Department of Human Services--Passed Through/Direct				
Child Support Enforcement (Title IV-D)				
Friend of the Court--Performance Incentive Programs	93.563	(3)	33,731	33,731
Friend of the Court--FY 14	93.563	CS/FOC-10-18001	239,262	239,262
Prosecuting Attorney--FY 14	93.563	CS/PA-10-18002	44,359	44,359
Foster Care - Title IV-E	93.658	PROFC-11-18001	14,375	14,375
Public Guardian Services	93.667	Guard 12-18001	3,185	3,185
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			529,639	529,639
US DEPARTMENT OF HOMELAND SECURITY				
Passed Through Michigan Department of Natural Resources				
Boating Safety Financial Assistance--Marine Safety Program 2014	97.012	(3)	6,000	6,000
Office of Michigan Department of State Police--Direct				
Emergency Management Performance Grant-2012	97.042	EMW-2012-EP-00033-S01	2,791 (4)	-
Emergency Management Performance Grant-2014	97.042	EMW-2014-EP-00026-S01	10,041	10,041
Passed Through Western Michigan Shoreline Regional Development Commission				
Homeland Security Grant Program	97.067	(3)	41,199	41,199
TOTAL US DEPARTMENT OF HOMELAND SECURITY			60,031	57,240
TOTAL PRIMARY GOVERNMENT			$ 747,201	$ 744,410

See Notes to Schedule of Expenditures of Federal Awards.

1) The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of the County. Federal awards received directly from Federal agencies, as well as Federal awards passed through other government agencies, are included on the schedule. The information in this schedule is presented in accordance with the requirements of *the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

   The County's reporting entity is defined in Note A of the County's financial statements. The County's financial statements include the operations of the Clare County Road Commission (discretely presented component unit) and the Clare County Transit Corporation (blended component unit) which received federal awards that are not included in the Schedule for the year ended September 30, 2014, as these entities were separately audited.

   It is required by the Michigan Department of Transportation that the Road Commissions report total Federal financial assistance for highway research, planning and construction pertaining to their county. However, only the Federal financial assistance applicable to force account expenditures is required to be audited for compliance under the Single Audit Act through Road Commission procurement. The reason for this requirement is that the Road Commission is required to have accounting and administrative control over the force account portion, while the balance is administered by the Michigan Department of Transportation. During 2014, the Road Commission received and expended $296,267 in Federal Highway grant money where the work was performed by contractors that were paid directly from the State, which is included in the State's single audit.

2) The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note A of the County's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3) Pass-through grantor's number was not available.

4) The County received a supplemental payment for the 2012 fiscal year for which there are no related expenditures incurred in the 2014 fiscal year.

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

March 17, 2015

Board of County Commissioners
County of Clare
225 West Main Street
P.O. Box 438
Harrison, Michigan 48625

Independent Auditor's Report

RE: Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards

Dear Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Clare as of and for the fiscal year ended September 30, 2014, and related notes to the financial statements, which collectively comprise the County of Clare's basic financial statements and have issued our report thereon dated March 17, 2015. Our report includes references to other auditors who audited the financial statements of the Clare County Transit Corporation (enterprise fund) and the Clare County Road Commission (component unit-special revenue fund), as described in our report on Clare County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 combination of deficiencies, in internal control such there is a reasonable possibility that a material misstatement of the County of Clare's financial statements will not be prevented, or detected and corrected on a timely basis. We consider certain deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness listed as Finding 2007-005.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the Schedule of Findings and Questioned Costs to be significant deficiencies listed as Findings 2009-005 and 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Clare's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and which is described in the accompanying Schedule of Findings and Questioned Costs as Findings 2007-009.

County of Clare's Response to Findings

The County of Clare, Michigan's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County of Clare, Michigan's responses and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is intended solely for the information of the Clare County Board of Commissioners, management and others within the County of Clare, Federal and State awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

March 17, 2015

Board of County Commissioners
County of Clare
225 West Main Street
P.O. Box 438
Harrison, Michigan 48625

RE: Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Dear Commissioners:

Report on Compliance for Each Major Federal Program

We have audited County of Clare, Michigan's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of County of Clare, Michigan's major federal programs for the year ended September 30, 2014. The County of Clare, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County of Clare, Michigan's basic financial statements include the operations of Clare County Transit Corporation and the Clare County Road Commission, which received federal awards which are not included in the schedule. Our audit, described below, did not include the operations of the Clare County Transit Corporation and the Clare County Road Commission, because those entities engaged other auditors to perform their financial statement audits and did not meet the threshold for a single audit in accordance with *OMB Circular A-133*.

Management's Responsibility

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

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the County of Clare, Michigan, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified?	✓	Yes		No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	✓	Yes		No
Noncompliance material to financial statements noted?		Yes	✓	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?		Yes	✓	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	✓	None reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?		Yes	✓	No

Identification of Major Programs:

CFDA Number(s)	*Name of Federal Program or Cluster*
93.044, 93.045, 93.053, 93.705, 93.707	Senior Center Cluster
93.563	Child Support Enforcement (Title IV-D)

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

Auditee qualified as low-risk auditee?		Yes	✓	No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section II--Financial Statement Findings

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

MATERIAL WEAKNESS

Administrator--Capital Assets *Finding 2007-005*

Condition: The County has a capitalization threshold of $5,000, but items that should have been capitalized were not recorded in the capital outlay activity, which lead to proposed adjustments. There were material items that were not included on the asset list. In addition, there appears to be a lack of control in place to consistently approve new capital assets (including grants that involve capital assets) (including asset title work and the flow of grant documents) and disposal of capital assets (including asset title work).

Criteria: The Michigan Department of Treasury and generally accepted accounting principles requires that each governmental unit maintain a record of capital assets. Governmental Accounting Standards Board (GASB) Statement No. 34 requires capital assets to be presented on the Statement of Net Assets-Net of Depreciation and related debt. The County is to update the capital asset listing for additions and deletions. For governmental funds, assets purchased during the year and recorded as capital outlay should equal the additions to the capital asset records. Disposals should equal the reductions to the capital asset records. Depreciation is also to be calculated on the capital assets.

Cause: The cause of this finding is unknown.

Recommendation: We recommend that the County maintain its capital asset listing throughout the year and that it be periodically reviewed to ensure that the capital outlay is properly posted for all governmental funds (the general fund, special revenue funds, and capital project funds), disposals are updated, and related depreciation is calculated. We also recommend that a consistent process be implemented related to new capital assets (including grants that involve capital assets) (including asset title work and the flow of grant documents) and disposal of capital assets (including asset title work).

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section II--Financial Statement Findings

MATERIAL WEAKNESS (continued)

Management's Response--Corrective Action Plan: Contact person is Tracy Byard, Clare County Administrator, 225 West Main Street, P.O. Box 438, Harrison, Michigan 48625. Telephone (989) 539-2510.

The lists of Capital assets will be distributed to each department for review and to be updated. Capital Assets will be listed throughout the year and will be reviewed to ensure that it is properly listed for all funds. The disposals will be updated and the depreciation will be calculated.

SIGNIFICANT DEFICIENCIES

Preparation of Financial Statements in Accordance with GAAP *Finding 2009-005*

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

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

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section II--Financial Statement Findings

SIGNIFICANT DEFICIENCIES (continued)

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

Management's Response--Corrective Action Plan: Contact person is Tracy Byard, Clare County Administrator, 225 West Main Street, P.O. Box 438, Harrison, Michigan 48625. Telephone (989) 539-2510.

The County has chosen their independent auditor to prepare these financial statements and required footnote disclosures on their behalf.

Cash Collection and Receipting Process *Finding 2014-001*

Condition: The County has multiple departments that collect cash. During our testing of these cash controls, there were two deficiencies noted:

- The Probate Court cash count revealed a cash shortage of $30. Employees noted cash had been kept in the cash drawer over the night. Although this amount is relatively small it may indicate other issues.
- The Animal Shelter collects cash and provides receipts for services rendered to the citizens of the County. During our testing of this process, employees initially were unable to provide all receipts for cash collections. Employees were able to locate all but one receipt in another area within the animal shelter. It was determined cash was collected for a service performed during the prior week but not receipted.

Cause: The cause of the Probate Court cash shortage is unknown. Animal Shelter receipts were kept in different locations within the Animal Shelter and there was recent turnover in staffing at the Animal Shelter.

Effect: The effect of this finding is that there are not strong cash-receipting controls and cash is at a higher risk of not being accounted for.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section II--Financial Statement Findings

SIGNIFICANT DEFICIENCIES (continued)

Criteria: Highly liquid assets like cash should be kept in secure locations and receipts should be provided for all cash collections.

Recommendation: We recommend that departments that collect cash perform a daily reconciliation of receipts to cash collections. Cash collected during the day should be remitted for deposit or locked in secure location. Daily receipts and reconciliations should also be kept in a secure location.

Management's Response--Corrective Action Plan: Contact person is Tracy Byard, Clare County Administrator, 225 West Main Street, P.O. Box 438, Harrison, Michigan 48625. Telephone (989) 539-2510.

Departments will perform a daily reconciliation of receipt to cash collections. All cash collected during the day will be remitted for deposit or locked in a secure location along with daily receipts and reconciliations.

NONCOMPLIANCE WITH STATE STATUTES

Our review and study for compliance with State statutes and regulations revealed the following noncompliance procedures:

Board of Commissioners--Expenditures in Excess of Appropriations *Finding 2007-009*

Condition: While there were improvements in this area, our examination of the procedures used by the County to adopt and maintain operating budgets for the budgetary funds revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act.

The County's 2014 General Appropriations Act (budget) provided for expenditures of the General Fund and special revenue funds to be controlled at the activity level by the County. As detailed below, actual 2014 expenditures exceeded the board's approved budget allocations for several general fund and special revenue fund activities.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section II--Financial Statement Findings

NONCOMPLIANCE WITH STATE STATUTES (continued)

During the fiscal year ended September 30, 2014, expenditures were incurred in excess of amounts appropriated in the amended budgets for the general fund and special revenue funds as follows:

	Budget	Actual	Variance
General Fund			
General Government			
Circuit Court	$ 351,242	$ 357,785	$ (6,543)
Remonumentation	57,250	90,227	(32,977)
Record Copying	40,400	42,425	(2,025)
Health and Welfare			
Meical Examiner	86,334	87,079	(745)
Capital Outlay			
Emergency Management	-	22,467	(22,467)
Law Library Fund			
General Government	3,500	3,718	(218)

Cause: It appears to be a lack of internal controls and communication between the County Departments related to the budgeting process.

Effect: The effect of this noncompliance is that the County has expended more than what the Board had approved to spend in the above areas.

Criteria: The expenditure of funds in excess of appropriations is contrary to the provisions of Section 17 of Public Act 2 of 1968.

Directive: We direct the County's chief administrative officer (administrator), the boards and commissions, and administrative personnel responsible for administering the activities of the various funds of the County to develop budgetary control procedures for the general fund and special revenue funds which will ensure that expenditures do not exceed amounts authorized in the General Appropriations Act or amendments thereof. These procedures should include a requirement that each County department head be responsible for monitoring the budgetary status monthly. Department heads must also be required to make formal requests to the County administrator for budget amendments prior to incurring expenditures in excess of board authorized amounts.

Management's Response--Corrective Action Plan: Contact person is Tracy Byard, Clare County Administrator, 225 West Main Street, P.O. Box 438, Harrison, Michigan 48625. Telephone (989) 539-2510.

The recommendations above will be implemented. The County will continue to diligently maintain expenditures under appropriations and make adjustments to the budget when necessary.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Section III--Federal Award Findings and Questioned Costs

There were no findings related to single audit compliance.

Summary Schedule of Prior Year Audit Findings

MATERIAL WEAKNESSES

Administrator--Capital Assets *Finding 2007-5*

Condition: The County has a capitalization threshold of $5,000, but items under $5,000 were still posted to capital outlay, which lead to proposed adjustments. There were several material items that were not included on the asset list.

Current Year Status: This finding will be carried forward to the current year with modifications.

SIGNIFICANT DEFICIENCIES

Preparation of Financial Statements in Accordance with GAAP *Finding 2009-5*

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

Current Year Status: This finding will be carried forward to the current year.

Jail Inmate Bank Reconciliation *Finding 2010-1*

Condition: The September 30, 2013, jail inmate bank account was not reconciled as of March 2014.

Current Year Status: This finding will not be repeated as the September 30, 2014 jail inmate bank account was reconciled at the time of our audit fieldwork. It should be noted, however, that there was a criminal investigation regarding an alleged embezzlement by the previous employee that was responsible for the jail inmate reconciliations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended September 30, 2014

Summary Schedule of Prior Year Audit Findings

NONCOMPLIANCE WITH STATE STATUTES

Board of Commissioners--Expenditures in Excess of Appropriations *Finding 2007-9*

Condition: While there were improvements in this area, our examination of the procedures used by the County to adopt and maintain operating budgets for the budgetary funds revealed the following instances of noncompliance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act.

Current Year Status: This finding will be carried forward to the current year with modifications.

4425 (Rev. 11-13)

STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RICK SNYDER
GOVERNOR

R. KEVIN CLINTON
STATE TREASURER

March 17, 2015

Board of County Commissioners
County of Clare
225 West Main Street
P.O. Box 438
Harrison, Michigan 48625

RE: Report to Those Charged With Governance

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 County of Clare as of and for the fiscal year ended September 30, 2014, which collectively comprise the County of Clare's basic financial statements and have issued our report thereon dated March 17, 2015. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in the engagement letter dated June 12, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the County of Clare. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning internal control. We also considered internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Clare's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions. Also in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County of Clare's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major Federal

programs for the purpose of expressing an opinion on the County of Clare's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County of Clare's compliance with those requirements.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures to specifically identify such matters.

Other information in Documents Containing Audited Financial Statements

Our responsibility for the supplementary information accompanying the financial statements, as described in professional standards, is to evaluate the presentation of supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole. We made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on November 5, 2014.

Significant Results of the Audit

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County of Clare are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended September 30, 2014. We noted no transactions entered into by the County of Clare during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events

affecting them may differ significantly from those expected. The most sensitive estimate affecting the governmental activities in the government-wide statements was depreciation.

Management's estimate of the depreciation is based on the straight-line method for all other capital assets. Management's estimate of the current portion of vested employee benefits payable within the next year is based on historical trends and current policies regarding the usage of these benefits. We evaluated the key factors and assumptions used to develop the depreciation and the current portion of vested employee benefits payable in determining that they are reasonable in relation to the financial statements, taken as a whole.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements With Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 17, 2015.

Management Consultations With Other Independent Accountants

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

Other Audit Findings or Issues

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

This information is intended solely for the use of the Clare County Board of Commissioners and management of the County of Clare and is not intended to be and should not be used by anyone other than these specified parties. However, this information is a matter of public record and its distribution is not limited.

Cary Jay Vaughn, CPA, CGFM
Audit Manager
Local Audit and Finance Division