

NEARLY FINAL OFFICIAL STATEMENT DATED SEPTEMBER 11, 2015

NEW ISSUE

Rating: Standard & Poor's: Applied for

Subject to compliance by the County with certain tax-related covenants, in the opinion of Axe & Ecklund, P.C., Bond Counsel, under present law (i) interest on the Refunding Bonds is excluded from gross income of the owners of the Refunding Bonds for federal income tax purposes, but must be taken into account in computing the alternative minimum tax imposed on certain corporations, as more fully described under the heading "Tax Matters" herein, and (ii) the Refunding Bonds and interest thereon are exempt from all taxation provided by the laws of the State of Michigan except inheritance taxes and estate taxes and taxes on gains realized from the sale, payment or other disposition of the Refunding Bonds.

\$2,830,000*

**COUNTY OF GRAND TRAVERSE, STATE OF MICHIGAN
GRAND TRAVERSE COUNTY - BLAIR TOWNSHIP SEWER
SYSTEM IMPROVEMENT PROJECT REFUNDING BONDS, SERIES 2015**

DATED: OCTOBER 1, 2015
**QUALIFIED TAX-
EXEMPT OBLIGATIONS**

GENERAL OBLIGATION LIMITED TAX BONDS
MAXIMUM INTEREST: 6.00%
MAXIMUM DISCOUNT: 2.00%

REGISTRATION: Book entry only system

INTEREST: Paid from October 1, 2015 - 1st Paid May 1, 2016 - Semi-Annually Thereafter

REGISTRAR, TRANSFER and PAYING AGENT: The Huntington National Bank, Grand Rapids, Michigan

DENOMINATIONS: \$5,000 or a Multiple of \$5,000, Numbered From 1 Upwards

AUTHORITY: Act No. 34, Public Acts of Michigan, 2001, As Amended.

REDEMPTION PROVISIONS: Maturities on November 1, 2023 or Prior - Non-Callable
Maturities on November 1, 2024 or After as follows:

Bonds called for redemption on or after November 1, 2023 shall be redeemed at par.

PURPOSE AND SECURITY: See "Security for the Refunding Bonds" and "Description of the Refunding Bonds" herein.

BOOK ENTRY DEPOSIT ELIGIBILITY: The Depository Trust Company, New York, N.Y.

***SUBJECT TO ADJUSTMENT:** See "Adjustment in Principal Amount" herein

THE ABILITY OF THE COUNTY AND THE TOWNSHIP TO RAISE FUNDS WITH WHICH TO MEET THEIR
FULL FAITH AND CREDIT PLEDGE IS SUBJECT TO CONSTITUTIONAL AND
STATUTORY LIMITATIONS ON THE TAXING POWER OF THE COUNTY AND THE TOWNSHIP.

**PROPOSAL DUE DATE AND TIME: SEPTEMBER 24, 2015
11:00 A.M., EASTERN DAYLIGHT SAVINGS TIME**

MATURITY SCHEDULE

<u>Due Nov. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Due Nov. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Due Nov. 1</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>
2016	\$275,000			2020	\$300,000			2023	\$300,000		
2017	270,000			2021	290,000			2024**	290,000		
2018	260,000			2022	280,000			2025**	285,000		
2019	280,000										

** Callable - See "Description of the Refunding Bonds-Prior Redemption" herein.

THE REFUNDING BONDS WILL BE DELIVERED ON OR ABOUT OCTOBER 14, 2014

HEIDI SCHEPPE
County Treasurer

Information prepared in cooperation with:

DEAN BOTT
County Finance Director

Bond Counsel:
AXE & ECKLUND, P.C.
Grosse Pointe Farms, MI

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.



MUNICIPAL FINANCIAL CONSULTANTS INCORPORATED
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NO DEALER, BROKER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED BY THE COUNTY OF GRAND TRAVERSE, THE COUNTY OF GRAND TRAVERSE DEPARTMENT OF PUBLIC WORKS OR THE TOWNSHIP OF BLAIR TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED IN THIS OFFICIAL STATEMENT, AND IF GIVEN OR MADE, SUCH OTHER INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE FOREGOING.

THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT HAS BEEN PREPARED FROM SOURCES WHICH ARE DEEMED TO BE RELIABLE, BUT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE WITHOUT NOTICE AND NEITHER THE DELIVERY OF THE OFFICIAL STATEMENT NOR ANY SALE MADE UNDER THIS OFFICIAL STATEMENT SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COUNTY, THE DEPARTMENT OF PUBLIC WORKS OR THE TOWNSHIP SINCE THE DATE OF THIS OFFICIAL STATEMENT.

OPTIONAL PROPOSAL FORM

\$2,830,000*
COUNTY OF GRAND TRAVERSE, MICHIGAN
GRAND TRAVERSE COUNTY - BLAIR TOWNSHIP SEWER
SYSTEM IMPROVEMENT PROJECT REFUNDING BONDS, SERIES 2015

Mr. Dean Bott
County Finance Director
Grand Traverse County
400 Boardman Avenue
Traverse City, MI 49684-2577

September 24, 2015

Dear Mr. Bott:

With respect to the Request for Proposal (the "RFP") for the above-described refunding bonds (the "Refunding Bonds"), please be advised as follows:

1. As described in the RFP, we will pay you par, plus accrued interest from date of issue to date of delivery to us, plus a premium of \$_____, or less a discount of \$_____, for the Refunding Bonds maturing as follows:

November 1, 2016_____%	November 1, 2020_____%	November 1, 2023_____%
November 1, 2017_____%	November 1, 2021_____%	November 1, 2024_____%
November 1, 2018_____%	November 1, 2022_____%	November 1, 2025_____%
November 1, 2019_____%		

(Note: The interest rate borne by bonds maturing in any year shall not be at a rate lower than the rate borne by bonds maturing in any preceding year)

2. This proposal is for all of the Refunding Bonds.

3. This proposal is subject to the opinion of Axe & Ecklund, P.C. as to the legality of the Refunding Bonds.

If this proposal is accepted a (Cashier's) or (Certified) Check No._____, drawn on the _____ in the amount of \$56,600 can be cashed, or a wire transfer of the same amount will be sent, as required by the terms set forth in the RFP.

(List other account member, if any)

Respectfully submitted,

Signature: _____
Authorized Representative

Name (Print): _____

ACCEPTANCE CLAUSE

Subject to the terms and conditions set forth in the RFP, the foregoing proposal is hereby accepted by the Grand Traverse County Treasurer this 24th day of September, 2015.

COUNTY OF GRAND TRAVERSE

By: _____
Dean Bott, County Finance Director

The following is a computation of the interest cost on the above proposal. This computation is not to be considered as a part of the proposal and is subject to verification.

Gross Interest Cost \$_____

(-) Premium (+) Discount \$_____

Interest Cost \$_____

True Interest Rate _____%

Return of the deposit check is hereby
acknowledged on this the 24th day of
September, 2015

By: _____

INFORMATION FOR PROPOSERS ON DETAILS OF SALE
\$2,830,000*
GRAND TRAVERSE COUNTY - BLAIR TOWNSHIP SEWER SYSTEM IMPROVEMENT
PROJECT REFUNDING BONDS, SERIES 2015

DATE PROPOSALS DUE: September 24, 2015
TIME PROPOSALS DUE: 11:00 a.m., Eastern Daylight Savings Time

LOCATIONS OF SUBMISSION OF PROPOSALS:

Office of the County	Municipal Advisory Council
Finance Director	of Michigan
County Governmental Building	Buhl Building
400 Boardman Avenue	535 Griswold, Suite 1850
Traverse City, Michigan 49684	Detroit, Michigan 48226

BOND DETAILS:

Principal Amount: \$2,830,000*	Maximum Interest Rate: 6.00%
Dated: October 1, 2015	Maximum Interest Spread: N/A
Interest Payment Dates:	Good Faith Deposit: \$56,600
May 1 and November 1,	Maximum Discount: \$56,600
commencing May 1, 2016	Denominations: \$5,000 or a
Rating: S&P: Applied for	multiple of \$5,000

MATURITIES: The Refunding Bonds shall mature on November 1 as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2016	\$275,000	2020	\$300,000	2023	\$300,000
2017	270,000	2021	290,000	2024**	290,000
2018	260,000	2022	280,000	2025**	285,000
2019	280,000				

THE REFUNDING BONDS WILL BE DELIVERED ON OR ABOUT
OCTOBER 14, 2015

RESTRICTIONS: The Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the proposals therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one Refunding Bond shall be at one rate only and all Refunding Bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER THAN THE RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR. No proposal for the purchase of less than all of the Refunding Bonds or at a price that is less than 98% of their par value will be considered.

*See "ADJUSTMENT IN PRINCIPAL AMOUNT" herein

**Callable--See "DESCRIPTION OF THE REFUNDING BONDS-Prior Redemption".

OFFICIAL STATEMENT OF THE COUNTY OF GRAND TRAVERSE
State of Michigan
\$2,830,000*
GRAND TRAVERSE COUNTY - BLAIR TOWNSHIP SEWER SYSTEM IMPROVEMENT
PROJECT REFUNDING BONDS, SERIES 2015

The purpose of this Official Statement is to set forth information concerning the Grand Traverse County - Blair Township Sewer System Improvement Project Refunding Bonds, Series 2015 (the "Refunding Bonds") issued to refund the part of the outstanding County of Grand Traverse County - Blair Township Sewer System Improvement Project Bonds, Series 2005 maturing in the years 2016 through 2025 (the "Refunded Bonds") which were issued in anticipation of the receipt of certain contractual payments pursuant to the contract dated September 1, 2005 between the County of Grand Traverse (the "County"), acting through the Department of Public Works (the "Issuer") and the Township of Blair (the "Township"). The information contained herein is presented in connection with the sale of the Refunding Bonds and for the information of those who initially became holders of the Refunding Bonds. Information describing the Refunding Bonds, summarized on the cover page, is part of this Official Statement.

INTRODUCTION

The County, by adoption of a resolution to authorize the issuance of Refunding Bonds (the "Resolution"), has authorized the refunding of a portion of the outstanding Grand Traverse County - Blair Township Sewer System Improvement Project Bonds, Series 2005, in the original aggregate amount of \$5,675,000, dated as of October 1, 2005, as follows:

<u>Prior Bonds</u> <u>Outstanding</u>	<u>Prior Bonds</u> <u>Being Refunded</u>
\$3,700,000	\$3,400,000
maturing in the years 2015-2025	maturing in the years 2016- 2025, redeemed on November 1, 2015 at a 0.0% call premium (the "Refunded Bonds")

DESCRIPTION OF THE REFUNDING BONDS

The Refunding Bonds, aggregating the principal sum of \$2,830,000*, shall be known as "Grand Traverse County - Blair Township Sewer System Improvement Project Refunding Bonds, Series 2015" and shall be dated October 1, 2015. The Refunding Bonds shall be fully registered Refunding Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000 numbered from 1 upwards regardless of rate and maturity date. The Refunding Bonds shall mature on November 1, 2013 and each November 1 thereafter, until maturity, as provided on the cover page of this Official Statement.

*Subject to adjustment.

Term Bond Option

Refunding Bonds maturing in the years 2016-2025, inclusive, are eligible for designation by the original purchaser at the time of sale as serial bonds or term bonds, or both. There may be more than one term bond maturity. However, principal maturities designated as term bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on November 1st of the year in which the Refunding Bonds are presently scheduled to mature. Each maturity of term bonds and serial bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

Adjustment In Principal Amount

The aggregate principal amount of this issue has been determined as the amount necessary to retire the Refunded bonds and pay a portion or all of the costs of issuance of the Refunding Bonds, assuming certain conditions and events exist on the date of sale. Following receipt of proposals and prior to final award, the County reserves the right to increase or decrease the aggregate principal amount of the issue by any amount. The increase or decrease will be in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the reduction in issue size, but the interest rates specified by the successful proposer for all maturities will not change. In the case of a proposal with a premium, the aggregate amount of the Refunding Bonds will generally be reduced by at least the amount of the premium offered. The successful proposer may not withdraw the proposal as a result of any changes made within these limits.

If no proposal results in present value debt service savings acceptable to the County when the proceeds are used to provide for the refunding of the bonds, the County may reject all proposals and negotiate with one or more of the proposers for the sale of the Refunding Bonds on terms which will enable the County to achieve present value debt service savings acceptable to the County.

Qualification Under Section 265(b)(3) of the Internal Revenue Code of 1986

The Refunding Bonds have been designated by the Issuer as "Qualified Tax-Exempt Obligations" within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Interest Payment and Interest Rate

The Refunding Bonds shall bear interest payable May 1, 2016 and semi-annually thereafter on each November 1 and May 1, until maturity, with an average interest rate not exceeding 6.0% per

annum. Interest shall be paid by check or draft mailed to the registered owner of each bond as of the applicable date of record.

Paying Agent and Bond Registrar

The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Bond Registrar") for the Refunding Bonds. The Bond Registrar will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued Refunding Bonds and will pay principal and interest to the registered holders of the Refunding Bonds as shown on the registration books of the County maintained by the Bond Registrar on the applicable date of record. The principal of each Bond will be paid when due upon presentation and surrender thereof to the Bond Registrar. The date of record shall be the 15th day of the month before such payment is due.

Book-Entry-Only

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Refunding Bonds. The Refunding Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Bond certificate will be issued for each maturity of the Refunding Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE REFUNDING BONDS AS NOMINEE OF DTC, REFERENCES HEREIN TO THE BONDHOLDERS, HOLDERS OR REGISTERED OWNERS OF THE REFUNDING BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE REFUNDING BONDS.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The

Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Refunding Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Refunding Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Refunding Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Refunding Bonds, except in the event that use of the book-entry system for the Refunding Bonds is discontinued.

To facilitate subsequent transfers, all Refunding Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Refunding Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Refunding Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Refunding Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the Refunding Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to Refunding Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Refunding Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments made by or on behalf of the County to DTC or its nominee shall satisfy the County's obligations under the Bond Ordinance to the extent of the payments so made.

Principal and interest payments on the Refunding Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on a payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the paying agent (the "Paying Agent"), or the County subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Refunding Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered. THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COUNTY BELIEVES TO BE RELIABLE, BUT NEITHER THE COUNTY, BOND COUNSEL, FINANCIAL ADVISOR NOR THE UNDERWRITERS ASSUME ANY RESPONSIBILITY FOR THE ACCURACY THEREOF.

THE COUNTY AND THE COUNTY'S BOND COUNSEL OR FINANCIAL ADVISOR, THE UNDERWRITERS AND THE PAYING AGENT CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE REFUNDING BONDS (i) PAYMENTS OF PRINCIPAL OF OR INTEREST AND PREMIUM, IF ANY, ON THE REFUNDING BONDS (ii) ANY DOCUMENT REPRESENTING OR CONFIRMING BENEFICIAL OWNERSHIP INTERESTS IN REFUNDING BONDS, OR (iii) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE REFUNDING BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH THE PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE COUNTY, THE UNDERWRITERS NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OF ANY OTHER PERSON WITH RESPECT TO: (1) THE REFUNDING BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY AMOUNT DUE WITH RESPECT TO THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE REFUNDING BONDS; (4) THE DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE BOND RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE REFUNDING BONDS; (6) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

Discontinuation of Book-Entry-Only System

DTC may determine to discontinue providing its service with respect to the Refunding Bonds at any time by giving notice to the County and the Transfer/Paying Agent and discharging its responsibilities with respect thereto under applicable law. Upon the giving of such notice, the Transfer/Paying Agent shall attempt to have established a securities depository/book-entry system relationship with another qualified depository. If the Transfer/Paying Agent does not or is unable to do so, the book-entry-only system shall be discontinued.

Transfer Outside Book-Entry-Only System

In the event the book-entry-only system is discontinued, the following provisions would apply to the Refunding Bonds. The Transfer Agent shall keep the registration books for the Refunding Bonds (the "Bond Register") at its corporate trust office. Subject to the further conditions contained in the Resolution, the Refunding Bonds may be transferred or exchanged for one or more Refunding Bonds in different authorized denominations upon surrender thereof at the corporate trust office of the Paying Agent by the registered owners or their duly authorized attorneys; upon surrender of any Refunding Bonds to be transferred or exchanged, the Paying Agent shall record the transfer or exchange in the Bond Register and shall authenticate replacement Refunding Bonds in authorized denominations; during the 15 days immediately preceding the date of mailing ("Record Date") of any notice of redemption or any time following the mailing of any notice of redemption, the Paying Agent shall not be required to effect or register any transfer or exchange of any Bond which has been selected for such redemption, except the Refunding Bonds properly surrendered for partial redemption may be exchanged for new Refunding Bonds in authorized denominations equal in the aggregate to the unredeemed portion; the County and Paying Agent shall be entitled to treat the registered owners of

the Refunding Bonds, as their names appear in the Bond Register as of the appropriate dates, as the owner of such Refunding Bonds for all purposes under the Resolution. No transfer or exchange made other than as described above and in the Resolution shall be valid or effective for any purposes under the Resolution.

Plan of Refunding

The proceeds of the Refunding Bonds will be used to pay the principal of, premium and interest on the Refunded Bonds maturing in the years 2016 through 2025 on November 1, 2015 (the "Redemption Date"); and to pay the costs of issuance.

Simultaneously with the issuance and delivery of the Refunding Bonds, sufficient amounts of the proceeds of the Refunding Bonds will be deposited in an escrow fund (the "Escrow Fund") held by The Huntington National Bank, Grand Rapids, Michigan as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement between the County and the Escrow Agent (the "Escrow Agreement"), and used to purchase obligations of the United States of America pledging the full faith and credit of the United States of America ("Government Obligations"). The proceeds of such Government Obligations, together with the earnings thereon and cash, if any, in the Escrow Fund shall be used to pay principal of, redemption premiums, and interest on the Refunded Refunding Bonds as stated above.

Prior Redemption

The Refunding Bonds maturing prior to November 1, 2024 shall not be subject to redemption prior to maturity. Refunding Bonds maturing on or after November 1, 2024 shall be subject to redemption prior to maturity at the option of the Township, in any order, in whole or in part on any date on or after November 1, 2023. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a refunding bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a refunding bond is called for redemption, upon surrender of the Refunding Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Refunding Bond a new refunding bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each refunding bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the refunding bonds. Any defect in

such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar to redeem the same.

Transfer or Exchange of Refunding Bonds

Any bond shall be transferable on the bond register maintained by the Bond Registrar with respect to the Refunding Bonds upon the surrender of the Bond to the Bond Registrar together with an assignment executed by the registered owner or his or her duly authorized attorney in form satisfactory to the Bond Registrar. Upon receipt of a properly assigned bond, the Bond Registrar shall authenticate and deliver a new bond or Refunding Bonds in equal aggregate principal amount and like interest rate and maturity to the designated transferee or transferees.

Refunding Bonds may likewise be exchanged for one or more other Refunding Bonds with the same interest rate and maturity in authorized denominations aggregating the same principal amount as the bond or Refunding Bonds being exchanged. Such exchange shall be effected by surrender of the Bond to be exchanged to the Bond Registrar with written instructions signed by the registered owner of the Bond or his or her attorney in form satisfactory to the Bond Registrar. Upon receipt of a bond with proper written instructions, the Bond Registrar shall authenticate and deliver a new bond or Refunding Bonds to the registered owner of the Bond or his or her properly designated transferee or transferees or attorney.

Any service charge made by the Bond Registrar for any such registration, transfer or exchange shall be paid for by the Issuer, unless otherwise agreed by the Issuer and the Bond Registrar. The Bond Registrar may, however, require payment by a bondholder of a sum sufficient to cover any tax or other governmental charge payable in connection with any such registration, transfer or exchange.

CUSIP Numbers

It is anticipated that CUSIP numbers will be printed on the Refunding Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of, or to pay for, the Refunding Bonds. All expenses for printing CUSIP numbers on the Refunding Bonds will be paid by the Issuer, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and paid for by the purchaser.

SECURITY FOR THE REFUNDING BONDS

Primary Security

The Refunding Bonds are being issued pursuant to the provisions of Act No. 34, Public Acts of Michigan, 2001, as amended ("Act 34") and the County's Resolution for the purpose of refunding the outstanding Refunded Bonds maturing in the years 2016 through 2025. The Refunding Bonds are to be issued in anticipation of, and are primarily payable from, moneys to be received by the County from the Township of Blair pursuant to a certain Contract between the County and the Township of Blair dated September 1, 2005 to defray the cost of acquiring and constructing the Project as described in the Contract.

Full Faith and Credit of County

Pursuant to a resolution adopted by its Board of Commissioners, the County of Grand Traverse has pledged its limited tax full faith and credit as additional security for the payment of the principal and interest on the Refunding Bonds. Taxes imposed by the County are subject to constitutional tax limitations.

CONTINUING DISCLOSURE

In order to assist the Underwriters in complying with SEC Rule 15c2-12 promulgated by the Securities and Exchange Commission, pursuant to the Securities and Exchange Act of 1934 (the "Rule", the County and the Township (individually and "Obligated Person" and collectively, "Obligated Persons") have each covenanted and will covenant for the benefit of the Bondholders and the Beneficial Owners (as hereinafter defined under this caption only) pursuant to resolutions and related Continuing Disclosure Certificates to be delivered on the date of issuance of the Refunding Bonds to the purchaser thereof (individually a "Disclosure Certificate" and collectively, the "Disclosure Certificates"), to provide or cause to be provided: (i) each year, certain financial information and operating data relating to the respective Obligated Person for its preceding fiscal year (the "Annual Report") by not later than the date nine months after the first day of its fiscal year, commencing with the Annual Report for the fiscal year ending December 31, 2015 for the County and June 30, 2015 for the Township of Blair; provided, however, that if the audited financial statements of any Obligated Person are not available by such date, they will be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements then most recently prepared for such Obligated Person will be included in the Annual Report; and (ii) timely notices of the occurrence of certain enumerated events related to the respective Obligated Person, if material. Currently, the fiscal year of the County commences on January 1st, and for the Township

of Blair on July 1st. "Beneficial Owner" means, under this caption only, any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Refunding Bonds (including any person holding Refunding Bonds through nominees, depositories or other intermediaries).

Each Annual Report will be filed with the Municipal Securities Rulemaking Board ("MSRB") electronically through MSRB's Electronic Municipal Market Access system ("EMMA"). If any Obligated Person is unable to provide the MSRB its Annual Report by the date required, such Obligated Person shall send, in a timely manner, to the MSRB through EMMA, a notice of the failure to file the Annual Report by such date. The notices of material events will be filed by each Obligated Person with the MSRB through EMMA. These covenants have been made by each Obligated Person in order to assist the purchaser of the Refunding Bonds and registered brokers, dealers and municipal securities dealers in complying with the requirements of subsection of (b)(5) of the Rule. The information to be contained in each Annual Report, the enumerated events, the occurrence of which will require a notice, and the other terms of each Disclosure Certificate are set forth in Appendix A and Appendix B.

In the past five years, the County has complied, in all material respects, with any of its previous undertakings in a written contract or agreement that it entered into pursuant to subsection (b)(5) of the Rule.

In the past five years, the Township has failed to file any of their required continuing disclosure with EMMA. Due to a change in staff they were filing using the old system of filing via the mail.

All of Township's required continuing disclosures for the years 2010 through 2014 were filed as of September 11, 2015. In addition, the Notice of Material Event - Failure to File an Event Filing was filed on September 11, 2015.

The Township has hired Municipal Financial Consultants Incorporated as of September 10, 2015 to file all of their future continuing disclosures with EMMA.

BOND RATING

Standard & Poor's

The County has applied for a municipal bond rating from Standard & Poor's Ratings Services. No application was made to any other rating agency for a rating on the Refunding Bonds. The County furnished to such rating agency certain materials and information in addition to that provided herein. Generally, rating agencies base their ratings on such information and materials and investigations, studies and assumptions made by the

rating agencies. There is no assurance that such rating, when assigned, will prevail for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Refunding Bonds.

The definitions of a rating furnished by Standard & Poor's Ratings Services are as follows:

- | | |
|--------------|---|
| AAA | Debt rated "AAA" has the highest rating to a debt obligation. Capacity to pay interest and repay principal is extremely strong. |
| AA | Debt rated "AA" has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree. |
| A | Debt rated "A" has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes of circumstances and economic conditions than in debt in higher rated categories. |
| BBB | Debt rated "BBB" is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher debt rated categories. |
| BB-CC | Debt rated "BB", "B", "CCC" or "CC" is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. "BB" indicates the lowest degree of speculation and "CC" the highest degree of speculation. While such debt will likely have some quality and protective characteristics, these are outweighed by large uncertainties or major risk exposures to adverse conditions. |
| C | This rating is reserved for income bonds on which no interest is being paid. |
| D | Debt rated "D" is in default, and payment of interest and/or repayment of principal is in arrears. |

Plus (+) or minus (-): The ratings "AA" to "BBB" may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories.

TAX MATTERS

General

In the opinion of Axe & Ecklund, P.C., Grosse Pointe Farms, Michigan ("Bond Counsel") based on its examination of the documents described in its opinion, under existing law, the interest on the Refunding Bonds (a) is excluded from gross income for federal income tax purposes, and (b) is not an item of tax preference and is not taken into account in determining adjusted current earnings for purposes of the federal alternative minimum tax imposed on individuals and corporations. The opinion set forth in clause (a) above is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"), that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Refunding Bonds to be included in gross income retroactive to the date of issuance of the Refunding Bonds. The County has covenanted to comply with all such requirements. Bond Counsel will express no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds and the interest thereon.

Prospective purchasers of the Refunding Bonds should be aware that (i) interest on the Refunding Bonds is included in the effectively connected earnings and profits of certain foreign corporations for purposes of calculating the branch profits tax imposed by Section 884 of the Code, (ii) interest on the Refunding Bonds may be subject to a tax on excess net passive income of certain S corporations imposed by Section 1375 of the Code, (iii) interest on the Refunding Bonds is included in the calculation of modified adjusted gross income for purposes of determining taxability of social security or railroad retirement benefits, (iv) the receipt of interest on the Refunding Bonds by life insurance companies may affect the federal tax liability of such companies, (v) in the case of property and casualty insurance companies, the amount of certain loss deductions otherwise allowed is reduced by a specific percentage of, among other things, interest on the Refunding Bonds, (vi) holders acquiring the Refunding Bonds subsequent to initial issuance will generally be required to treat market discount recognized under Section 1276 of the Code as ordinary taxable income, (vii) the receipt or accrual of interest on the Refunding Bonds may cause disallowance of the earned income credit under Section 32 of the Code, (viii) interest on the Refunding Bonds is subject to backup withholding under Section 3406 of the Code in the case of registered owners that have not reported a taxpayer

identification number and are not otherwise exempt from backup withholding, and (ix) registered owners of the Refunding Bonds may not deduct interest on indebtedness incurred or continued to purchase or carry the Refunding Bonds, and financial institutions may not deduct that portion of their interest expense allocated to interest on the Refunding Bonds.

In the opinion of Bond Counsel, based on its examination of the documents described in its opinion, under existing law, the Refunding Bonds and the interest thereon are exempt from all taxation by the State of Michigan or a political subdivision thereof, except estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

Tax Treatment of Accruals on Original Issue Discount Bonds

For federal income tax purposes, the difference between the initial offering prices to the public (excluding bond houses and brokers) at which a substantial amount of the Refunding Bonds initially sold at a discount as shown on the cover page hereof (the "**OID Bonds**") is sold and the amount payable at the stated redemption price at maturity thereof constitutes "original issue discount." Such discount is treated as interest excluded from federal gross income to the extent properly allocable to each registered owner thereof. The original issue discount accrues over the term to maturity of each such OID Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) with straight line interpolations between compounding dates. The amount of original issue discount accruing during each period is added to the adjusted basis of such OID Bonds to determine taxable gain upon disposition (including sale, redemption or payment on maturity) of such OID Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of registered owners of the OID Bonds who purchase such bonds after the initial offering of a substantial amount thereof. Registered owners who do not purchase such OID Bonds in the initial offering at the initial offering and purchase prices should consult their own tax advisors with respect to the tax consequences of ownership of such OID Bonds.

Amortizable Bond Premium

For federal income tax purposes, the difference between an original registered owner's cost basis of the Refunding Bonds initially sold at a premium as shown on the cover page hereof (the "**Original Premium Bonds**") and the amounts payable on the Original Premium Bonds other than stated interest constitutes an amortizable bond premium. The same applies with respect to any Bond, if a registered owner's cost basis exceeds the amounts payable thereon other than stated interest (collectively with the Original Premium Bonds held by the original registered owners,

"Premium Bonds"). Such amortizable bond premium is not deductible from gross income but is treated for federal income tax purposes as an offset of the amount of stated interest paid on the Premium Bonds, which may affect liability for the branch profits tax imposed by Section 884 of the Code. The amount of amortizable bond premium allocable to each taxable year is generally determined on the basis of the registered owner's yield to maturity determined by using the registered owner's basis (for purposes of determining loss on sale or exchange) of such Premium Bonds and compounding at the close of each six-month accrual period. The amount of amortizable bond premium allocable to each taxable year is deducted from the registered owner's adjusted basis of such Premium Bonds to determine taxable gain upon disposition (including sale, redemption or payment at maturity) of such Premium Bonds.

Future Developments

NO ASSURANCE CAN BE GIVEN THAT ANY FUTURE LEGISLATION OR CLARIFICATIONS OR AMENDMENTS TO THE CODE, IF ENACTED INTO LAW, WILL NOT CONTAIN PROPOSALS THAT COULD CAUSE THE INTEREST ON THE REFUNDING BONDS TO BE SUBJECT DIRECTLY OR INDIRECTLY TO FEDERAL OR STATE OF MICHIGAN INCOME TAXATION, ADVERSELY AFFECT THE MARKET PRICE OR MARKETABILITY OF THE REFUNDING BONDS, OR OTHERWISE PREVENT THE REGISTERED OWNERS FROM REALIZING THE FULL CURRENT BENEFIT OF THE STATUS OF THE INTEREST THEREON. FURTHER, NO ASSURANCE CAN BE GIVEN THAT ANY SUCH FUTURE LEGISLATION, OR ANY ACTIONS OF THE INTERNAL REVENUE SERVICE, INCLUDING, BUT NOT LIMITED TO, SELECTION OF THE REFUNDING BONDS FOR AUDIT EXAMINATION, OR THE AUDIT PROCESS OR RESULT OF ANY EXAMINATION OF THE REFUNDING BONDS OR OTHER BONDS THAT PRESENT SIMILAR TAX ISSUES, WILL NOT ADVERSELY AFFECT THE MARKET PRICE OF THE REFUNDING BONDS.

INVESTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE REFUNDING BONDS AND THE TAX CONSEQUENCES OF THE ORIGINAL ISSUE DISCOUNT OR PREMIUM THEREON, IF ANY.

BOND HOLDERS' RISKS

The Federal Bankruptcy Code affects the rights and obligations of Township and their creditors. Although State legislative authority is a condition to the filing by Township of cases for relief under the Bankruptcy Code, recently-enacted legislation empowers local governments, such as the County or the Township, to become a debtor under the Bankruptcy Code. This authorization would be invoked if fiscal circumstances become such an emergency financial manager were appointed for the County or the Township. No assurance can be given that future circumstances or legislation will not result in the County or the Township filing for relief under the Bankruptcy Code. Should the County or the Township file a petition for relief under the

Bankruptcy Code, the bankruptcy court could reduce the amount of or extend the time of the County's or the Township' legal obligation to pay its outstanding debts.

LITIGATION

To the knowledge of the County, there is no controversy of any nature threatened or pending against the County, seeking to restrain or enjoin the issuance, sale, execution or delivery of the Refunding Bonds or in any way contesting or affecting the validity of the Refunding Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Refunding Bonds.

APPROVAL OF LEGALITY

The approving opinion of Axe & Ecklund, P.C., attorneys of Grosse Pointe Farms, Michigan, a copy of which opinion will be printed on the reverse side of each Bond, will be furnished without expense to the purchaser of the Refunding Bonds at the delivery thereof.

FINANCIAL ADVISOR

Municipal Financial Consultants Incorporated ("MFCI") of Grosse Pointe Farms, Michigan has served as financial advisor to the County in connection with the sale of the Refunding Bonds. The financial advisor makes no representation as to the completeness or the accuracy of the information set forth in this Official Statement.

Further information with respect to the issuance of the Refunding Bonds may be obtained by contacting MFCI, 21 Kercheval Avenue, Suite 360, Grosse Pointe Farms, Michigan 48236, telephone 313-884-1550.

RESPONSIBILITIES OF BOND COUNSEL

Bond Counsel has reviewed the statements made in this Official Statement under the captions "Description of the Refunding Bonds", "Security for the Refunding Bonds", "Tax Matters", "Approval of Legality" and "Responsibilities of Bond Counsel", but has not been retained to review and has not reviewed any other portion of this Official Statement. Bond Counsel has not made inquiry of any official or employee of the Issuer, the County, the Township, or any other person with respect to, or otherwise made any independent verification of, the accuracy or completeness of any statement made in this

Official Statement (including those that it has reviewed) and has not expressed and will not express an opinion as to the accuracy or completeness of any statement made herein.

Except as stated in the immediately preceding paragraph and to the extent necessary to render its approving opinion respecting the validity of the Refunding Bonds and the exemption of the Refunding Bonds and the interest thereon from taxation, Bond Counsel has not been retained to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Refunding Bonds and, therefore, will not express an opinion with respect to the accuracy or completeness of any such documents, statements or other materials.

The fees of Bond Counsel for services rendered in connection with its approving opinion are expected to be paid from Bond proceeds.

**DEAN BOTT, COUNTY DIRECTOR OF FINANCE
OF THE COUNTY OF GRAND TRAVERSE**

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EXHIBIT A
COUNTY OF GRAND TRAVERSE
GENERAL AND ECONOMIC INFORMATION

Introduction

The County is located in the northwestern portion of Michigan's lower-Blair and covers a land area of 494 square miles. The County is widely recognized as an agricultural and tourist area with year-round recreational activities. As a result of the tourist business the County is a major retail area of northwestern Michigan. The principal agricultural business is the growing and processing of cherries, grapes and other fruit crops.

Industrial and Commercial

Approximately 20% of the County's 2011 Taxable Valuation is from industrial and commercial enterprises. Corporations, large and small, contribute to the broad employment of the County. The commercial segment of the County's business is varied being comprised of 755 retail sales establishments, 208 wholesale sales establishments, 53 accounting/bookkeeping firms, 76 legal services firms, 79 general building contractors, 38 management and public relations firms, 17 commercial printing firms, 26 trucking and courier services and 39 engineering and architectural firms. There are three industrial parks in the County with a total of 454 acres, of which approximately 10% is available.

SOURCE: State of Michigan

Education

Within the County there are two public school systems, which educate approximately 12,250 elementary and secondary students. There are also nine non-public schools with an approximate K-8 enrollment of 2,000 students. Located in the City of Traverse City, the County seat, is Northwestern Michigan College, which offers two-year associate degrees and, in cooperation with other universities in the State, provides opportunities for students to earn four-year degrees in a wide variety of majors.

Transportation

Travelers have access to the County on US highways 31 and 131 and Michigan highways 37 and 72. Cherry Capital Airport, located in Grand Traverse, is the nearest air terminal. It is serviced by American Eagle, Delta Airlines and United Express. Residents traveling on regional airlines can connect to the major

international airports in Grand Rapids, Detroit and Chicago. Commercial railroad transportation is provided by Tuscola and Saginaw Bay railroad. Greyhound Bus Lines provide commercial bus service.

Utilities

Residents of the County receive electric service from Consumers Energy, Cherryland Rural Cooperative and Traverse City Light and Power. Michigan Consolidated Gas Company provides natural gas service. Ameritech provides local telephone service.

Hospitals

The Munson Medical Center in the City of Traverse City serves the residents of the County. Munson Medical Center employs 420 physicians and has 391 beds. Also located in Traverse City, Northwest Michigan Surgery Center, in partnership with Munson Medical Center, is a state-of-the-art surgical care center. This facility services the expanding outpatient needs of Northern Michigan.

SOURCE: munsonhealthcare.org
<http://northwestmichigansurgerycenter.com>

Banking

There are 13 banking institutions, with a total of 39 branches, operating in the County. Their names and numbers of branches are listed as follows:

<u>Institutions</u>	<u>Branches</u>
Fifth Third Bank	5
JP Morgan Chase Bank, National Association	5
The Huntington National Bank	6
Bank of Northern Michigan	1
PNC Bank, National Association	4
Chemical Bank	7
Citizens Bank	2
First National	1
Honor Bank	1
Traverse City State Bank	4
M Bank	1
First Community Bank	1
Wells Fargo Bank, National Association	1

Recreational

The residents of the County have over 48 parks and recreation areas, with almost 3,100 acres, available to them and the tourist that travel to the County. These areas feature camping and picnic areas, water sports (boating, fishing, water skiing, swimming), cross country skiing, snowmobiling, ice skating, hiking, and hunting.

SOURCE: Michigan County Atlas

Agriculture

Agriculture, plays a vital role in the economy of the County. The principal farm crop is sweet and tart cherries. There are over 300 farms (5,700 acres) growing cherries in the County. Additionally, there are over 100 other farms (1,335 acres) that grow other fruit crops. Altogether, there are over 400 farms in the County, with an average size of 165 acres. The farms raise "cash crops" of barley, corn, hay, oats, soybeans and wheat for grain. In addition, located within the County are 23 Christmas tree farms, that cover over 1,400 acres.

Summary of Housing Characteristics

<u>Category</u>	<u>Number of Units</u>
Total Housing Units	41,599
Occupied Housing Units	35,328
Vacant Housing Units	6,271
for Rent	972
Rented, not Occupied	45
for Sale Only	746
Sold, not Occupied	80
Seasonal, Rec., Occasional Use	3,595
All Other Vacants	833
Owner-Occupied Units and Renter-Occupied Units	35,328

SOURCE: 2010 U.S. Census

<u>Category</u>	<u>Number of Units</u>
Total Housing Units	40,325
Occupied Housing Units	34,193
Owner Occupied Units	26,354
Renter Occupied Units	7,839

Category	Housing Values
Less than \$50,000	2,035
\$50,000 to \$99,999	2,001
\$100,000 to \$149,999	5,719
\$150,000 to \$199,999	5,793
\$200,000 to \$299,999	5,788
\$300,000 or more	5,018

SOURCE: 2005-2009 U.S. Census Estimates

Population

(as reported by U.S. Census Bureau)

2010 U.S. Census - 86,986
2000 U.S. Census - 77,654
1990 U.S. Census - 64,273
1980 U.S. Census - 54,899

Government

The County is governed by a legislative body consisting of seven members forming the Grand Traverse County Board of County Commissioners (the "Board of Commissioners"), each of whom is elected for a term of two years from districts of approximately equal population. Elected County officials include the County Treasurer, County Clerk, County Register of Deeds, Prosecuting Attorney, Drain Commissioner, Surveyor and Sheriff. These officials are elected at large for a four-year term. The County Administrator is appointed by the Board of Commissioners.

Administration of the County is divided by the State of Michigan (the "State") Constitution among various officials all elected at large according to purpose, and the appointed County Administrator. The County Treasurer is the chief custodian of the County moneys, collector of County taxes, disbursing agent for certain tax funds to local communities and school districts and performs other duties concerned with inter-related fiscal affairs of the County departments and agencies. The duties of the County Clerk and Register of Deeds are primarily record keeping in nature and include such duties as clerk of the Circuit Court and Board of Commissioners and keeping and maintaining records of births, deaths, marriages, discharges of military personnel, records of deeds, mortgages, surveys, recording of plats, notices of liens and bills of sale. The Prosecuting Attorney prosecutes violations of state criminal law within the County and may represent the County in appropriate courts. The County Drain Commissioner administers the locations, construction and maintenance of drains in the County. The County Surveyor is in charge of uniform property survey and maintenance of property corner records. The Sheriff's duties involve the charge and

custody of the County jail, the serving of processes, and law enforcement in unincorporated areas. The general day-to-day administration of all other areas of the County business is the responsibility of the County Administrator.

COUNTY TAXATION AND LIMITATIONS

Property Tax Rates

Prior to 1976, the County's tax rate per \$1,000 of State Equalized Valuation (the "SEV") was determined annually by a Countywide Tax Allocation Board. The Allocation Board met each year to determine the division of 15 mills for operating purposes authorized by the State Constitution, which is equal to \$15.00 per \$1,000 of SEV, among the County, the school districts, intermediate school districts and townships within the County. In 1974, the County electorate voted a fixed millage allocation of 15.00 mills for an indefinite period of time, although State statute permits a maximum levy of 18.00 mills. The electorate may, at any time in the future, vote to re-establish the Allocation Board. Of the 15.00 mills, 6.20 were authorized as the maximum levy for the County's operating purposes including the payment of debt service. The remaining 8.80 mills were allocated among other taxing units within the County. The allocation of the millage is fixed until such time as the electorate votes to change the allocation or the total authorized millage. The county electorate must approve additional millages of any amount for any general or specific purpose within statutory and constitutional limitations. In addition, the electorate may, at any time in the future vote (i) to increase the 15.00 mill limit to 18.00 mills or (ii) to re-establish the Allocation Board and the County allocation of the total authorized 15.00 mills tax levy would thereafter be established by the Allocation Board. The County's operating millage for the past five years is shown in the following table.

Property Tax Rate History

Category (1)	2014	2013	2012	2011	2010	2009	2008
County Operating	4.9838	4.9838	4.9838	4.9838	4.9838	4.9838	4.9838
ISD	2.9312	2.9312	2.9312	2.9312	2.9312	2.9312	2.9312
Community College (2)	2.1700	2.1700	2.1700	2.1700	2.1700	2.1700	2.1700
District Library Oper. (2)	.9548	.9548	.9548	.9548	0.9548	0.9548	0.9548
Medical Care Facility (2)	.6595	.6595	.6595	.6595	0.6595	0.6595	0.6595
Dist. Library Debt (2)	.1454	.1502	.1520	.1520	0.1597	0.1344	0.1450
Comm. College Debt (2)	.3700	.7500	.7700	.7700	0.7000	0.7000	0.7000
Council on Aging (2)	.6000	.6000	.6000	.6000	.5858	.4858	0.4858
Bay Area Transit Auth (2)	.3454	.3454	.3454	.3454	.3454	.3454	0.3272
Rec. Auth Operations (2)(3)	.0994	.0994	.0994	.0994	.0994	.0994	0.0994
Rec. Auth Debt (2)(3)	.3000	.2900	.2600	.2600	.2600	.2600	0.2600
Road Commission	1.000	1.000					
Total	14.5595	13.9343	13.9261	13.9261	13.8496	13.7243	13.7167

- (1) County Operating, ISD, BATA, and 50% of Community College Levied on July 1 of each year all others levied on December 1 of each year. Per \$1,000 SEV. Excludes taxes levied by underlying units and School Districts.
- (2) Extra Voted Millage.
- (3) Only levied on properties in Garfield Township and City of Traverse City.

SOURCE: County of Grand Traverse

In addition to the County operating millage, property owners in the County are required to pay ad valorem taxes to other taxing units such as cities, townships, school districts, community colleges, and other units within the County. The total tax rate per \$1,000 of Taxable Value varies widely depending upon in which municipality and school district the property is located. The highest tax rate on property within the County for the 2014 tax year was 55.4662 per \$1,000 of Taxable Value in the City of Traverse City and Traverse City School District (non-homestead); the lowest tax rate was 23.0238 in Grant Township for the residents of the Benzie School District (homestead).

Property Tax Limitations

In November 1978 the electorate of the State passed an amendment (the "Amendment") to the State Constitution which placed certain limitations on increases of taxes by the State and political subdivisions from currently authorized levels of taxation. The Amendment and the enabling legislation, Act 35, Michigan Public Acts, 1979, may have the effect of reducing the maximum authorized tax rate which may be levied by a local taxing unit. Under the Amendment's millage reduction provisions, should the value of taxable property, exclusive of new construction, increase at a percentage greater than the percentage increase in

the Consumer Price Index, then the maximum authorized tax rate would be reduced by a factor which would result in the same maximum potential tax revenues to the local taxing unit as if the valuation of taxable property (less new construction) had grown only at the national inflation rate instead of the higher actual growth rate. Thus, should taxable property values rise faster than consumer prices, the maximum authorized tax rate would be reduced accordingly. Should consumer prices subsequently rise faster than taxable property values, the maximum authorized tax rate would be increased accordingly, but never higher than the statutory or charter tax rate limitation. The Amendment does not limit taxes for the payment of principal and interest on bonds or other evidences of indebtedness outstanding at the time the Amendment became effective or which have been approved by the electors of the County.

Taxable Valuation of Property

Article IX, Section 3, of the State Constitution provides that the proportion of true cash value at which property shall be assessed shall not exceed 50% of true market value. The State of Michigan Legislature (the "State Legislature") by statute has provided that property shall be assessed at 50% of its true cash value. The State Legislature or the electorate may at some future time reduce the percentage below 50% of true cash value.

In 1994, the electors of the State approved an amendment to the State Constitution (the "1994 Amendment") permitting the State Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing the 1994 Amendment added a new measure of property value known as Taxable Value ("Taxable Value"). Beginning in 1995, taxable property will have two valuations - SEV and Taxable Value. Property taxes will be levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediately preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore, the Taxable Value of property may be different from the same property's SEV.

The 1994 Amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of existing property is limited to the lesser of the percentage net change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under

existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

Responsibility for assessing taxable property rests with the local assessing officer of each township and city. Any property owner may appeal the assessment to the local assessor, the local board of review and ultimately to the State Tax Tribunal.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government within a county are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's department of equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important, aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

Property that is exempt from property taxes, e.g., churches, government property, public schools, is not included in the SEV and Taxable Value data in this Official Statement. Property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended Act 198, is recorded on separate tax rolls while subject to tax abatement. The valuation of tax abated property is based upon SEV but is not included in either the SEV or Taxable Value data in this Official Statement except as noted.

State Equalized Valuation
(50% of True Value)

2015	-	\$5,528,183,660
2014	-	\$5,324,497,292
2013	-	\$5,213,555,306
2012	-	\$5,128,714,773
2011	-	\$5,244,751,933
2010	-	\$5,590,516,828
2009	-	\$5,920,332,312
2008	-	\$5,984,559,160
2007	-	\$5,840,040,183
2006	-	\$5,469,883,048
2005	-	\$4,986,540,174
2004	-	\$4,619,315,062
2003	-	\$4,246,196,554

Taxable Valuation

2015 - \$4,620,528,695
 2014 - \$4,474,083,286
 2013 - \$4,396,631,123
 2012 - \$4,286,130,690
 2011 - \$4,298,414,642
 2010 - \$4,392,056,777
 2009 - \$4,478,431,081
 2008 - \$4,324,888,638
 2007 - \$4,167,149,385
 2006 - \$3,881,075,544
 2005 - \$3,563,213,564
 2004 - \$3,322,297,341
 2003 - \$3,071,914,200

Per Capita TV (15) \$53,118

2015 Breakdown by Use of TV

Residential	73.85%
Commercial	17.35
Industrial	1.49
Personal Property	6.08
Agricultural	1.23
TOTAL	100.00%

2015 Breakdown by Class

Real	93.92%
Personal	6.08%
TOTAL	100.00%

Property Tax Abatement

The SEV and Taxable Value do not include valuation of certain facilities that are exempt under Act 198. Act 198 is designed to provide a stimulus in the form of significant tax incentives to industry to renovate and to expand aging facilities and to build new facilities in the State. Under the provisions of Act 198, certain local governmental units (cities, villages or townships) may offer industrial firms certain property tax incentives to encourage restoration or replacement of obsolete facilities and to attract new plants to the area.

An industrial facilities exemption certificate entitles the facility to an exemption from ad valorem real and personal property taxes for a period of up to 12 years. In lieu of the property tax, the owner of the facility will pay a specific tax known as the industrial facility tax. Property tax for an obsolete facility, which is being restored or replaced, is determined in exactly the same manner as the ad valorem property tax would be, except that the SEV of the property remains at the value assessed on the obsolete facility prior to the improvements, even though the restoration or replacement substantially increase the true cash value of the facility. For a new facility being built, the applicable tax is also determined as the ad valorem property tax would be, but only half the total millage rate for ad valorem taxes is applied. The amount of the resulting tax is equal to 50% of the property tax which otherwise

would be payable. Since 1976, local units in the County have approved a number of applications for local property tax relief to industry. The effect of property tax relief granted under Act 198 is to understate the 2014 Taxable Valuation of the County by \$30,183,442.

Property Tax Collections

The County's fiscal year begins on January 1st. County taxes are due and payable on July 1 and December 1, at which time a lien on taxable property is created. Property taxes are payable without penalty until February 14th. Unpaid real property taxes become delinquent on the following March 1st and are thereafter collected by the County Treasurer with penalties and interest. Property returned to the County Treasurer for delinquent taxes is subject to forfeiture, foreclosure and sale as provided in Act 206 of the Public Acts of Michigan of 1893, as amended. In recent years, the County has paid to the respective municipalities and schools within the County, including the County, from a Delinquent Tax Revolving Fund (the "Fund"), the delinquent real property taxes of such municipalities and schools. Collections of delinquent real property taxes otherwise would be paid to such municipalities by the County Treasurer on a monthly basis following collection. There is no assurance the Fund will be continued in future years. Delinquent personal property taxes are less than .05% of the County's total levy. Suit may be brought to collect personal property taxes or personal property may be seized and sold to satisfy the tax lien thereon.

Property Tax Collection History

Levied Dec. 1 st	County Tax Levy (1)	Collections to March 1 Year Following Levy	Collections to March 30, 2015*	
2002	\$15,109,193	%14,070,231	93.1%	\$15,109,193 100.0%
2003	15,752,780	14,682,260	93.2	15,752,780 100.0
2004	16,745,479	15,662,758	93.5	16,745,479 100.0
2005	17,740,803	16,721,195	94.3	17,740,803 100.0
2006	19,039,918	18,006,682	94.6	19,039,918 100.0
2007	20,245,355	19,257,383	95.1	20,245,355 100.0
2008	21,016,306	19,909,569	94.7	21,016,306 100.0
2009	21,697,005	20,562,406	94.8	21,697,005 100.0
2010	21,309,986	20,318,217	95.3	21,309,986 100.0
2011	20,750,386	19,878,583	95.8	20,750,386 100.0
2012	20,759,994	20,064,727	96.7	20,759,994 100.0
2013	21,301,311	20,564,903	96.5	21,301,311 100.0
2014	21,684,008	21,049,613	97.1	21,684,008 100.0

(1) The County's fiscal year begins January 1st, taxes for the year are payable from July 1st to February 14th without penalty.

* Delinquent Personal Property not maintained in general ledger - amount uncollected represents less than ½ of 1%.

SOURCE: County of Grand Traverse

Largest Employers

The following chart reflects the diversity of the largest employers in the County, estimated number of employees and products manufactured or services performed as of December, 2014.

<u>Largest Employers</u>	<u>Number Employed</u>
Munson Medical Center	3,740
Traverse City Area Public Schools	1,275
Grand Traverse Resort & Casino	750
Northwestern Michigan College	700
Traverse Bay Intermediate School District	600
Sara Lee/Hillshire Brands	550
Grand Traverse County Government	500
Grand Traverse Pavilions	470
Hagerty Insurance	450
Interlochen Center for the Arts	330
Totals	9,365
2014 Total Employment in County	45,049

SOURCE: County of Grand Traverse

Major Taxpayers

<u>10 Largest Taxpayers</u>	<u>2015 Taxable Valuation</u>
GRAND TRAVERSE MALL	\$31,678,351.00
CONSUMERS ENERGY	\$26,769,041.00
MICHIGAN ELECTRIC TRANSMISSION CO	\$14,056,069.00
DTE GAS COMPANY	\$13,220,480.00
GRAND TRAVERSE RESORT & SPA LLC	\$12,736,511.00
TYSON FOODS INC	\$12,382,300.00
CHERRYLAND ELECTRIC COOP	\$11,021,105.00
BRIXMOR GRAND TRAVERSE I LLC	\$10,471,448.00
GRAND TRAVERSE SENIOR LIVING LLC	\$ 9,723,200.00
VS TRAVERSE CITY REAL ESTATE HLDGS	\$ 8,725,000.00
TOTAL (represents 3.3% of 2015 TV)	\$150,783,505.00

SOURCE: County of Grand Traverse

Employment Statistics (as reported by MLMI)

	<u>June 2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Work force	50,689	47,880	47,268	46,582	45,830	47,025	48,330
Unemployment	2,276	2,831	3,619	3,716	4,388	5,532	5,722
% Unemployed	4.5%	5.9%	7.7%	8.0%	9.6%	11.8%	11.8%

General Fund Revenues and Expenditures

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Revenues & Transfers In	\$37,934,360	\$37,755,149	\$36,735,832	\$36,800,549
Expenses & Transfers Out	<u>38,197,412</u>	<u>36,589,358</u>	<u>36,471,429</u>	<u>37,130,014</u>
Revenues Over(Under)				
Expenses	\$ (263,052)	\$ 1,165,791	\$ 264,403	\$ (329,465)
Beginning Balance	\$ 9,201,112	\$ 8,035,321	\$ 7,770,918	\$ 8,100,383
Ending Balance	\$ 8,938,060	\$ 9,201,112	\$ 8,035,321	\$ 7,770,918

Labor Contracts

<u>Employee Group</u>	<u>Number of Positions</u>	<u>Expiration Date of Contract</u>
Teamsters General Unit	90	12/31/16
Teamsters District Court	37	12/31/16
C.O.A.M. Sergeants Unit	15	12/31/17
Teamsters Central Dispatch	14	12/31/15
Teamsters Command Officers	6	12/31/17
P.O.A.M. Deputies Unit	50	12/31/17
POAM Corrections	34	12/31/17
AFSCME	6	12/31/16
Circuit Court Association	33	12/31/15
Teamsters Health Department	52	12/31/16
Command Officers Assoc. of Michigan	5	12/31/15
-Dispatch Unit		
T.P.O.A.M.	10	12/31/17
Circuit Court Supervisors	2	12/31/15
Non-Union Employees (Regular Full-Time Positions)	122	12/31/15
Elected Officials	19	12/31/15

Retirement Plans

(operated by Municipal Employees' Retirement System of Michigan)

The County contributes to the Municipal Employees' Retirement System of Michigan for a defined benefit and a defined contribution plan, an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipalities in the State of Michigan.

The County's contribution to the retirement system for the fiscal year ended December 31, 2013 was \$5,377,443 and was \$5,766,171 for the fiscal year ended December 31, 2014.

Revenue Sharing from the State of Michigan

The County receives revenue sharing payments from the State of Michigan under the State Constitution and the State Revenue Sharing Act of 1971, as amended (the "Revenue Sharing Act"). The table appearing at the end of this section shows State revenue sharing distributions received by the County during the County's past five fiscal years, and the estimated receipts for the County's 2006 fiscal year.

The State's fiscal year begins October 1 of each year and ends September 30 of the following calendar year. Before the State's 1996-97 fiscal year, the State shared revenues received from personal income tax, intangibles tax, sales tax and single business tax collections with counties, cities, townships and villages. In 1996, the State legislature began reform of both the formula for distribution of State revenue sharing and the designated sources of revenue to be shared. At that time, the State expressly designated the revenues of the sales tax as the sole source for revenue sharing.

In 2004, the Michigan Legislature had approved a new proposal to temporarily replace revenue sharing by allowing counties to collect part of their millage earlier in the year thereby advancing their cash flows.

Act Nos. 356 and 357, Public Acts of Michigan, 2004 signed into law on September 30, 2004 make a number of changes. The most important change is a movement of the county fixed or allocated millage from December 1 to July 1. This movement occurs transitionally beginning in 2004 and is complete in July of 2007. In addition, a special Revenue Sharing Reserve Fund ("RSRF") will be established and used to reduce the State's obligation to pay revenue sharing to counties.

The Revenue Sharing Reserve Fund can be drawn on by counties to replace the revenue sharing payments which they would have otherwise received.

The impact on revenue sharing will vary widely from county to county with some counties being required to receive revenue sharing again directly from the State in as early as 2009, while in other counties this will not occur until 2013. The reason for the difference is the fact that revenue sharing payments are not based upon the amount of money which a county receives from a tax levy and the fact that some counties are on a fiscal year which ends September 30, and others are on a calendar fiscal year which ends December 31.

Tax Collection and Levy Date for County Fixed or Allocated Millage

The money which is to pay for this new program will be generated by a cash flow shift which will accelerate the collection of county fixed or allocated millage. All counties collect a base tax (which is, of course, reduced by Headlee rollbacks and limited by Proposal A caps) which is either fixed by a vote of the county voters or allocated to the county by a tax allocation board. In addition, counties have a right to vote extra millages for various purposes for up to 20 years. THIS PROPOSAL DOES NOT APPLY TO EXTRA VOTED TAXES WHICH WILL CONTINUE TO BE LEVIED AND COLLECTED ON DECEMBER 1.

Resumption of Actual Revenue Sharing Payments

The statutory guarantee to counties to receive revenue sharing payments from the State remain in full force and effect.

However, the payments to an individual county shall be reduced by the amount the individual county is able to withdraw in money from the RSRF. Once the money in the RSRF of any individual county is depleted, the State is supposed to immediately resume its obligation to make revenue sharing payments.

Revenue Sharing was resumed for Grand Traverse County in 2014.

Purchasers of the Notes offered herein should be alert to further modifications to revenue sharing payments to Michigan local government units, to the potential consequent impact upon the County's general fund condition, and to the potential impact upon the market price or marketability of the Notes resulting from changes in revenues received by the County from the State.

The table appearing below show's State revenue sharing distributions received by the County during the County's past five fiscal years:

<u>Fiscal Year Ended</u>	<u>Revenue Sharing Payments</u>
December 31, 2010	\$1,568,426**
December 31, 2011	\$1,601,363**
December 31, 2012	\$1,634,966**
December 31, 2013	\$1,677,472**
December 31, 2014	\$1,704,312

**Transfer in from RSRP

SOURCE: County of Grand Traverse

FUTURE FINANCING

The County does not anticipate the issuance of any additional notes or bonds within the next three months.

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GRAND TRAVERSE COUNTY
DEBT STATEMENT - SEPTEMBER 1, 2015
(including this offering)

DIRECT DEBT OF COUNTY:	Gross	Self-Supporting or Portion Paid Directly by Benefited Municipalities	Net
Sewer & Water	\$23,705,000	\$23,705,000	\$0
Airport Revenue Bonds	2,370,000	2,370,000	0
Building Authority	14,680,000	0	14,680,000
MTF Bonds	1,520,000	1,520,000	0
	-----	-----	-----
	\$42,275,000	\$27,595,000	\$14,680,000
	=====	=====	=====

Per Capita County Net Direct Debt	\$168.76
Percent County Net Direct Debt to 2015 TV	0.32%

OVERLAPPING DEBT OF COUNTY:

School Districts	\$65,990,527
Cities	18,426,504
Townships	26,700,492
Villages	879,000
Intermediate School Districts	0
Community Colleges	15,290,000
Library	1,237,779
Authority	5,202,554

Net Overlapping Debt	\$133,726,856

Net County and Overlapping Debt	\$148,406,856
	=====

Per Capita County Net Direct and Overlapping Debt	\$1,706.10
Percent Net Direct and Overlapping Debt to 2015 TV	3.21%

Source: Grand Traverse County and
Municipal Advisory Council of Michigan
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GRAND TRAVERSE COUNTY BONDS WITH COUNTY CREDIT PLEDGED
as of September 1, 2015
(including this offering)

Year	Water & Sewer	Airport Revenue Bonds	Building Authority	MTF Bonds	Total
2015	\$1,010,000	\$0	\$540,000	\$285,000	\$1,835,000
2016	2,765,000	190,000	995,000	320,000	4,270,000
2017	2,805,000	200,000	1,010,000	50,000	4,065,000
2018	2,915,000	210,000	1,030,000	55,000	4,210,000
2019	3,035,000	220,000	1,050,000	55,000	4,360,000
2020	3,115,000	230,000	915,000	55,000	4,315,000
2021	3,185,000	240,000	935,000	65,000	4,425,000
2022	3,245,000	250,000	950,000	65,000	4,510,000
2023	980,000	265,000	965,000	65,000	2,275,000
2024	365,000	275,000	1,005,000	70,000	1,715,000
2025	285,000	290,000	1,015,000	70,000	1,660,000
2026			460,000	70,000	530,000
2027			465,000	70,000	535,000
2028			470,000	75,000	545,000
2029			475,000	75,000	550,000
2030			485,000	75,000	560,000
2031			500,000		500,000
2032			260,000		260,000
2033			270,000		270,000
2034			280,000		280,000
2035			295,000		295,000
2036			310,000		310,000
Total	\$23,705,000	\$2,370,000	\$14,680,000	\$1,520,000	\$42,275,000

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EXHIBIT B, page 1
FINANCIAL INFORMATION REGARDING
THE COUNTY OF GRAND TRAVERSE

The following section of the audited financial statements of the County of Grand Traverse for the Fiscal Year ending December 31, 2014 have been extracted from the audit:

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FINANCIAL INFORMATION REGARDING
THE COUNTY OF GRAND TRAVERSE

The following section of the audited financial statements of the County of Grand Traverse for the Fiscal Year ending December 31, 2014 have been extracted from the audit:

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INDEPENDENT AUDITORS' REPORT

June 26, 2015

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Grand Traverse County, Michigan, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and each major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions for the pension and other postemployment benefit plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2015, on our consideration of Grand Traverse County, Michigan's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position

December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 7,843,910	\$ 14,742,946	\$ 22,586,856	\$ 6,931,187
Investments	1,277,358	3,894,096	5,171,454	-
Receivables, net	12,200,676	10,707,509	22,908,185	35,700,253
Internal balances	1,091,125	(1,091,125)	-	-
Inventories	-	123,749	123,749	1,547,665
Prepaid items and other assets	665,947	17,250	683,197	12,830,395
Restricted cash	-	-	-	1,427,710
Capital assets not being depreciated	15,639,877	1,851,946	17,491,823	28,573,688
Capital assets being depreciated, net	28,993,264	21,583,029	50,576,293	50,709,262
Total assets	67,712,157	51,829,400	119,541,557	137,720,160
Deferred outflows of resources				
Deferred loss on advance refunding	-	265,653	265,653	-
Liabilities				
Accounts payable and accrued liabilities	2,682,608	2,062,426	4,745,034	19,010,120
Unearned revenues	107,206	-	107,206	1,143,923
Long-term debt:				
Due within one year	579,647	1,290,752	1,870,399	3,931,355
Due in more than one year	10,929,363	5,357,746	16,287,109	30,784,795
Net other postemployment benefits obligation	2,047,832	685,886	2,733,718	2,516,828
Total liabilities	16,346,656	9,396,810	25,743,466	57,387,021
Deferred inflows of resources				
Property taxes levied for subsequent year	2,684,004	2,950,332	5,634,336	3,653,011
Net position				
Net investment in capital assets	34,740,741	17,659,457	52,400,198	74,532,023
Restricted for:				
Nonexpendable trusts	213,134	-	213,134	-
Revenue sharing reserve	563,913	-	563,913	-
State mandated programs	5,213,773	-	5,213,773	-
Drain commission	-	-	-	1,568,508
Unrestricted	7,949,936	22,088,454	30,038,390	579,597
Total net position	\$ 48,681,497	\$ 39,747,911	\$ 88,429,408	\$ 76,680,128

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2014

Functions / Programs	Expenses	Indirect Expense Allocation	Program Revenues			Net (Expense) Revenues
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government						
Governmental activities:						
Legislative	\$ 378,371	\$ (27,290)	\$ 1,596	\$ -	\$ -	\$ (349,485)
Judicial	9,104,678	1,354,860	2,882,430	3,688,022	-	(3,889,086)
General government	10,686,139	(1,620,161)	3,008,497	721,682	-	(5,335,799)
Public safety	17,255,969	26,599	1,739,316	2,273,433	8,572	(13,261,247)
Health and welfare	11,322,670	156,689	2,401,506	3,549,454	-	(5,528,399)
Economic development	1,497,567	-	2,500	4,460	-	(1,490,607)
Recreation and cultural	892,317	-	486,036	3,097	-	(403,184)
Interest on long-term debt	303,021	-	-	-	-	(303,021)
Total governmental activities	51,440,732	(109,303)	10,521,881	10,240,148	8,572	(30,560,828)
Business-type activities:						
Inspections	1,086,852	49,912	1,676,375	-	-	539,611
Medical Care Facility (Pavilions)	28,677,357	45,600	24,735,108	2,780,120	-	(1,207,729)
Solid waste	304,554	13,791	261,482	42,079	-	(14,784)
Delinquent tax collection and administration	185,087	-	414,186	767,761	-	996,860
Total business-type activities	30,253,850	109,303	27,087,151	3,589,960	-	313,958
Total primary government	\$ 81,694,582	\$ -	\$ 37,609,032	\$ 13,830,108	\$ 8,572	\$ (30,246,870)
Component units						
Road Commission	\$ 11,057,338	\$ -	\$ 1,523,670	\$ 7,506,660	\$ 1,616,664	\$ (410,344)
Department of Public Works	6,450,090	-	1,319,498	5,328,768	-	198,176
Brownfield Redevelopment Authority	3,171,407	-	50,000	813,344	-	(2,308,063)
Land Bank Authority	81,981	-	30,639	44,000	-	(7,342)
Total component units	\$ 20,760,816	\$ -	\$ 2,923,807	\$ 13,692,772	\$ 1,616,664	\$ (2,527,573)

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Activities

For the Year Ended December 31, 2014

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net position				
Net (expense) revenues	\$ (30,560,828)	\$ 313,958	\$ (30,246,870)	\$ (2,527,573)
General revenues:				
Property taxes	25,840,580	2,824,687	28,665,267	5,181,432
Unrestricted investment earnings	163,012	-	163,012	6,774
Gain on sale of capital assets	29,527	600	30,127	42,421
Transfers - internal activities	1,038,962	(1,038,962)	-	-
Total general revenues and transfers	27,072,081	1,786,325	28,858,406	5,230,627
Change in net position	(3,488,747)	2,100,283	(1,388,464)	2,703,054
Net position, beginning of year	52,170,244	37,647,628	89,817,872	73,977,074
Net position, end of year	\$ 48,681,497	\$ 39,747,911	\$ 88,429,408	\$ 76,680,128

concluded

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

GRAND TRAVERSE COUNTY, MICHIGAN

Balance Sheet

Governmental Funds

December 31, 2014

	General	Commission on Aging	CDBG	Health Department
Assets				
Cash and cash equivalents	\$ 914,392	\$ 2,369,700	\$ 6,335	\$ 728,782
Investments	1,206,802	-	-	-
Receivables, net:				
Accounts	381,238	1,613	-	49,894
Loans	-	-	1,835,784	-
Taxes	-	2,381,210	-	-
Interest	22,283	-	-	-
Due from other governments	4,666,560	-	72,427	991,472
Due from other funds	842,054	-	-	-
Prepaid items	55,801	11,470	-	8,362
Advance to other funds	2,755,494	-	-	-
Total assets	\$ 10,844,624	\$ 4,763,993	\$ 1,914,546	\$ 1,778,510
Liabilities				
Accounts payable	\$ 582,249	\$ 33,726	\$ 22,027	\$ 54,487
Accrued liabilities	692,315	69,874	542	40,910
Due to other funds	-	11,675	145	41,945
Due to other governments	-	-	-	-
Advance from other funds	563,913	-	-	-
Unearned revenues	68,087	3,371	-	12,397
Total liabilities	1,906,564	118,646	22,714	149,739
Deferred inflows of resources				
Property taxes levied for subsequent year	-	2,684,004	-	-
Unavailable revenues - loans receivable	-	-	1,835,784	-
Total deferred inflows of resources	-	2,684,004	1,835,784	-
Fund balances				
Nonspendable	2,811,295	11,470	-	8,362
Restricted	-	1,949,873	56,048	213,134
Committed	-	-	-	1,407,275
Assigned	705,645	-	-	-
Unassigned (deficit)	5,421,120	-	-	-
Total fund balances	8,938,060	1,961,343	56,048	1,628,771
Total liabilities, deferred inflows of resources and fund balances	\$ 10,844,624	\$ 4,763,993	\$ 1,914,546	\$ 1,778,510

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



Building Authority LaFranier DPW	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,818,426	\$ 6,837,635
-	70,556	1,277,358
-	370,503	803,248
-	732,588	2,568,372
-	-	2,381,210
-	-	22,283
-	662,931	6,393,390
-	499,275	1,341,329
-	11,985	87,618
-	563,913	3,319,407
<hr/>		
\$ -	\$ 5,730,177	\$ 25,031,850
<hr/>		
\$ -	\$ 312,680	\$ 1,005,169
-	168,744	972,385
-	218,779	272,544
-	149,141	149,141
1,320,000	1,285,494	3,169,407
-	23,351	107,206
<hr/>		
1,320,000	2,158,189	5,675,852
<hr/>		
-	-	2,684,004
-	732,588	2,568,372
<hr/>		
-	732,588	5,252,376
<hr/>		
-	11,985	2,843,112
-	1,191,923	3,410,978
-	2,550,492	3,957,767
-	-	705,645
(1,320,000)	(915,000)	3,186,120
<hr/>		
(1,320,000)	2,839,400	14,103,622
<hr/>		
\$ -	\$ 5,730,177	\$ 25,031,850
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GRAND TRAVERSE COUNTY, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
December 31, 2014

Fund balances - total governmental funds	\$ 14,103,622
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Amounts reported for *governmental activities* in the statement of net position are different because:

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

Capital assets not being depreciated	15,639,877
Capital assets being depreciated, net	28,993,264
Less amounts accounted for in governmental type internal service funds	(244,255)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Some of these assets (such as loan receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Unavailable long-term loans receivable	2,568,372
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities accounted for in internal service funds	1,179,355
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.

Bonds payable	(9,935,000)
Unamortized bond discount	42,600
Compensated absences	(1,616,610)
Less amounts accounted for in governmental type internal service funds	34,694
Accrued interest on long-term liabilities	(36,590)
Net other postemployment benefits obligation	(2,047,832)

Net position of governmental activities	<u>\$ 48,681,497</u>
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The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds For the Year Ended December 31, 2014

	General	Commission on Aging	CDBG	Health Department
Revenues				
Property and other taxes	\$ 23,272,828	\$ 2,567,752	\$ -	\$ -
Licenses and permits	162,448	-	-	403,310
Intergovernmental:				
Federal sources	124,528	-	225,826	1,806,598
State sources	1,645,301	-	-	1,383,774
Local sources	1,903,840	35,591	-	157,869
Charges for services	5,057,100	366,553	-	314,503
Fines and forfeitures	118,070	-	-	-
Reimbursements	2,505,882	-	-	-
Contributions	1,225	-	-	-
Rental revenues	580,008	-	-	-
Interest revenues	132,720	5,154	-	-
Other revenues	6,329	50,308	31,511	13,138
Total revenues	35,510,279	3,025,358	257,337	4,079,192
Expenditures				
Current:				
Legislative	377,888	-	-	-
Judicial	2,461,214	-	-	-
General government	8,412,600	-	-	-
Public safety	14,840,469	-	-	-
Health and welfare	1,421,339	2,861,054	266,104	5,552,419
Economic development	-	-	-	-
Recreation and cultural	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay	53,807	5,354	-	-
Total expenditures	27,567,317	2,866,408	266,104	5,552,419
Revenues over (under) expenditures	7,942,962	158,950	(8,767)	(1,473,227)
Other financing sources (uses)				
Proceeds from sale of capital assets	29,083	154	-	-
Transfers in	2,394,998	-	-	1,299,907
Transfers out	(10,630,095)	-	-	-
Total other financing sources (uses)	(8,206,014)	154	-	1,299,907
Net change in fund balances	(263,052)	159,104	(8,767)	(173,320)
Fund balances (deficit), beginning of year	9,201,112	1,802,239	64,815	1,802,091
Fund balances (deficit), end of year	\$ 8,938,060	\$ 1,961,343	\$ 56,048	\$ 1,628,771

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

Building Authority LaFranier DPW	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 25,840,580
-	-	565,758
-	1,474,967	3,631,919
-	1,044,243	4,073,318
-	1,616,442	3,713,742
-	884,622	6,622,778
-	-	118,070
-	-	2,505,882
-	-	1,225
-	116,700	696,708
-	24,012	161,886
-	495,358	596,644
-	5,656,344	48,528,510
-	-	377,888
-	7,677,943	10,139,157
-	1,922,142	10,334,742
-	526,841	15,367,310
-	1,864,059	11,964,975
-	1,497,567	1,497,567
-	667,140	667,140
-	545,000	545,000
-	302,794	302,794
-	629,608	688,769
-	15,633,094	51,885,342
-	(9,976,750)	(3,356,832)
-	-	29,237
185,000	8,980,079	12,859,984
-	(1,372,778)	(12,002,873)
185,000	7,607,301	886,348
185,000	(2,369,449)	(2,470,484)
(1,505,000)	5,208,849	16,574,106
\$ (1,320,000)	\$ 2,839,400	\$ 14,103,622

GRAND TRAVERSE COUNTY, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended December 31, 2014

Net change in fund balances - total governmental funds \$ (2,470,484)

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

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

Acquisition/construction of capital assets	785,001
Less acquisition/construction of capital assets accounted for in governmental internal service funds	(61,505)
Depreciation expense	(2,037,487)
Less depreciation expense accounted for in governmental internal service funds	115,627
Gain on disposal of capital assets	29,527
Less gain on disposal of capital assets accounted for in governmental internal service funds	(290)
Proceeds from sale of capital assets	(29,527)
Less proceeds from sale of capital assets accounted for in governmental internal service funds	290

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Change in deferred long-term loans receivable	(78,315)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	1,625
Change in net other postemployment benefits obligation	(404,016)

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

Principal payments on bonds payable	545,000
Amortization of bond discounts	(1,852)
Change in accrual of compensated absences	(30,204)
Less change in accrual of compensated absences accounted for in governmental internal service funds	3,939

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

Change in net position of internal service funds	143,924
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Change in net position of governmental activities	<u>\$ (3,488,747)</u>
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The accompanying notes are an integral part of these financial statements.

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property and other taxes:				
Current property taxes	\$ 21,730,268	\$ 21,730,268	\$ 21,583,865	\$ (146,403)
Unpaid personal property taxes	20,000	20,000	27,062	7,062
Swamp land tax	60,783	60,783	84,143	23,360
Trailer tax	9,969	9,969	9,543	(426)
Payment in lieu of taxes	35,430	35,430	37,564	2,134
Commercial forest reserve tax	700	700	4,706	4,006
Industrial and commercial facilities taxes	54,802	54,802	75,852	21,050
Interest on taxes	76,518	76,518	60,654	(15,864)
Liquor tax	1,046,550	1,117,550	1,389,439	271,889
Total taxes	23,035,020	23,106,020	23,272,828	166,808
Licenses and permits:				
Soil erosion	90,000	90,000	120,023	30,023
Pistol permits	19,000	19,000	26,532	7,532
Marriage licenses	7,000	7,000	7,105	105
Township liquor licenses	7,000	7,000	6,246	(754)
Drug screening	2,000	2,000	2,542	542
Total licenses and permits	125,000	125,000	162,448	37,448
Federal sources:				
Cooperative reimbursement - prosecutor	123,000	123,000	99,244	(23,756)
Anti-drug abuse act	20,941	20,941	16,712	(4,229)
Bullet proof vests	3,240	3,240	8,572	5,332
Total federal sources	147,181	147,181	124,528	(22,653)
State sources:				
Circuit judge standardization	60,356	60,356	60,356	-
District judge standardization	98,763	98,763	98,764	1
Probate judge standardization	54,425	54,425	54,782	357
Probate judge salary	94,195	94,195	94,195	-
Probate juvenile officer salary	60,275	60,275	74,974	14,699
Act 272 funding	2,500	2,500	8,602	6,102
Victim's rights act	55,832	55,832	71,649	15,817
Remonumentation	50,000	67,675	67,675	-
Secondary road patrol	70,000	70,000	80,032	10,032
911 public safety	265,000	265,000	259,194	(5,806)
Marine safety	77,000	77,000	58,400	(18,600)
Off-road vehicle	10,317	10,317	3,943	(6,374)
Snowmobile	7,000	7,000	6,595	(405)
State court fund distribution	354,106	354,106	337,781	(16,325)
Caseflow assistance	35,987	35,987	36,825	838
State revenue sharing	-	-	331,534	331,534
Total state sources	1,295,756	1,313,431	1,645,301	331,870

continued...

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Revenues (concluded)				
Local sources	\$ 1,887,091	\$ 1,914,506	\$ 1,903,840	\$ (10,666)
Charges for services:				
Circuit court costs and services	167,325	167,325	148,502	(18,823)
District court costs and services	1,520,500	1,520,500	1,476,996	(43,504)
Probate court services	31,100	31,100	34,323	3,223
Family court juvenile	681,700	681,700	631,741	(49,959)
Clerk services	192,250	214,250	250,583	36,333
Equalization	2,000	2,000	8,497	6,497
Equalization - East Bay	141,491	141,491	128,271	(13,220)
Prosecuting attorney	9,400	9,400	4,602	(4,798)
Register of deeds services	619,300	619,300	418,978	(200,322)
Register of deeds land transfer	450,000	450,000	571,435	121,435
Treasurer services	13,500	13,500	11,870	(1,630)
Building and grounds	51,000	51,000	49,673	(1,327)
Sheriff services	76,625	79,625	63,946	(15,679)
Central dispatch	780,000	780,000	795,101	15,101
Sheriff - corrections	308,600	308,600	313,914	5,314
Planning department	500	500	720	220
GIS	30,000	31,000	13,742	(17,258)
Brownfield administration	145,000	120,000	120,000	-
Livery licenses	800	800	494	(306)
Other services	3,700	3,300	13,712	10,412
Total charges for services	5,224,791	5,225,391	5,057,100	(168,291)
Fines and forfeitures:				
Forfeitures	-	-	395	395
Ordinance fines	115,650	113,550	117,675	4,125
Total fines and forfeitures	115,650	113,550	118,070	4,520
Reimbursements:				
Indirect cost recovery	2,069,504	2,049,197	2,049,196	(1)
Other reimbursements and refunds	57,150	133,746	165,696	31,950
Attorney fee reimbursement	306,000	306,000	290,990	(15,010)
Total reimbursements	2,432,654	2,488,943	2,505,882	16,939
Contributions	400	1,625	1,225	(400)
Rental revenues	574,502	574,502	580,008	5,506
Interest income	152,585	152,585	132,720	(19,865)
Other revenues - sales	6,000	6,000	6,329	329
Total revenues	34,996,630	35,168,734	35,510,279	341,545

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GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Expenditures				
Legislative:				
Board of Commissioners	\$ 392,183	\$ 394,183	\$ 377,888	\$ (16,295)
Judicial:				
Jury commission	46,833	46,833	42,772	(4,061)
Probate court	711,862	705,127	667,069	(38,058)
Probate court - juvenile	1,854,377	1,809,547	1,751,373	(58,174)
Total judicial	2,613,072	2,561,507	2,461,214	(100,293)
General government:				
County administrator	299,085	287,585	263,369	(24,216)
Brownfield administration	216,910	196,044	191,473	(4,571)
Elections	69,918	69,784	48,482	(21,302)
Finance	551,085	551,085	525,615	(25,470)
County clerk	903,270	924,270	873,443	(50,827)
Equalization	459,876	459,876	412,828	(47,048)
Equalization - East Bay	141,491	141,491	138,938	(2,553)
Human resources	453,168	460,168	425,325	(34,843)
Prosecuting attorney	1,458,257	1,471,757	1,464,178	(7,579)
Register of deeds	297,778	311,778	300,795	(10,983)
County surveyor	56,307	71,405	71,307	(98)
County treasurer	371,059	372,559	369,336	(3,223)
Cooperative extension	300,582	300,582	291,001	(9,581)
Building authority	2,155	2,155	1,538	(617)
Facilities management	1,138,202	1,138,202	1,104,361	(33,841)
Drain commission	18,275	21,275	19,217	(2,058)
Soil erosion and sedimentation	180,715	180,715	176,252	(4,463)
Soil conservation	47,500	47,500	47,500	-
Planning	211,074	207,074	185,624	(21,450)
G.I.S. assessment project	340,039	327,284	311,290	(15,994)
Contingencies	55,805	91,603	-	(91,603)
Special appropriations	702,200	703,650	703,650	-
Insurance and bonds	518,929	487,078	487,078	-
Total general government	8,793,680	8,824,920	8,412,600	(412,320)
Public safety:				
Secondary road patrol	106,892	106,892	102,014	(4,878)
Central records	883,019	873,519	864,425	(9,094)
Central dispatch	1,784,151	1,690,151	1,680,342	(9,809)
Special investigation	188,722	184,722	153,513	(31,209)
County investigation	941,054	941,154	917,901	(23,253)
County off-road vehicle	20,153	10,503	4,426	(6,077)
County patrol	5,522,874	5,415,374	5,359,189	(56,185)
Sheriff administration	584,284	598,784	584,615	(14,169)
Snowmobile enforcement	14,463	16,463	14,368	(2,095)
Marine law enforcement	93,101	102,751	91,968	(10,783)

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GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Expenditures (concluded)				
Public safety (concluded):				
Township fire	\$ 55,529	\$ 57,444	\$ 55,655	\$ (1,789)
Corrections	5,256,340	5,192,240	5,012,053	(180,187)
Total public safety	15,450,582	15,189,997	14,840,469	(349,528)
Health and welfare:				
Substance abuse	523,275	594,275	863,994	269,719
Ambulance	25,000	25,000	25,000	-
Family independence agency	-	54,000	54,000	-
Veterans counselor	496,252	490,064	478,345	(11,719)
Total health and welfare	1,044,527	1,163,339	1,421,339	258,000
Capital outlay	-	117,934	53,807	(64,127)
Total expenditures	28,294,044	28,251,880	27,567,317	(684,563)
Revenues over expenditures	6,702,586	6,916,854	7,942,962	1,026,108
Other financing sources (uses)				
Proceeds from sale of capital assets	4,000	29,083	29,083	-
Transfers in	2,701,330	2,726,532	2,394,998	(331,534)
Transfers out:				
Register of deeds	(124,000)	(124,000)	-	(124,000)
Building authority debt	(1,233,019)	(1,233,019)	(1,232,794)	(225)
Health department	(1,299,907)	(1,299,907)	(1,299,907)	-
13th Circuit Court	(1,418,839)	(1,418,839)	(1,316,403)	(102,436)
86th District Court	(3,027,231)	(3,027,231)	(2,991,610)	(35,621)
Parks and recreation	(318,613)	(318,613)	(318,613)	-
Friend of the court	(345,241)	(345,241)	(345,241)	-
Corrections P.A. 511	(49,521)	(49,521)	(49,521)	-
Child care	(973,250)	(973,250)	(826,631)	(146,619)
County facilities	(1,771,792)	(1,771,792)	(1,771,792)	-
Capital improvements	(295,732)	(295,732)	(295,732)	-
Fringe benefits	(150,000)	(181,851)	(181,851)	-
Total other financing sources (uses)	(8,301,815)	(8,283,381)	(8,206,014)	(77,367)
Net change in fund balance	(1,599,229)	(1,366,527)	(263,052)	1,103,475
Fund balance, beginning of year	9,201,112	9,201,112	9,201,112	-
Fund balance, end of year	\$ 7,601,883	\$ 7,834,585	\$ 8,938,060	\$ 1,103,475

concluded

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Commission on Aging Special Revenue Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property and other taxes	\$ 2,563,943	\$ 2,582,074	\$ 2,567,752	\$ (14,322)
Intergovernmental - local sources	12,700	45,413	35,591	(9,822)
Charges for services	267,000	313,750	366,553	52,803
Interest revenues	7,000	7,000	5,154	(1,846)
Other revenues	16,450	23,240	50,308	27,068
Total revenues	<u>2,867,093</u>	<u>2,971,477</u>	<u>3,025,358</u>	<u>53,881</u>
Expenditures				
Current:				
Health and welfare	3,128,034	3,138,992	2,861,054	(277,938)
Capital outlay	6,000	6,000	5,354	(646)
Total expenditures	<u>3,134,034</u>	<u>3,144,992</u>	<u>2,866,408</u>	<u>(278,584)</u>
Revenues over (under) expenditures	(266,941)	(173,515)	158,950	332,465
Other financing sources				
Proceeds from sale of capital assets	-	155	154	(1)
Net change in fund balance	<u>(266,941)</u>	<u>(173,360)</u>	<u>159,104</u>	<u>332,464</u>
Fund balance, beginning of year	<u>1,802,239</u>	<u>1,802,239</u>	<u>1,802,239</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,535,298</u>	<u>\$ 1,628,879</u>	<u>\$ 1,961,343</u>	<u>\$ 332,464</u>

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - CDBG Special Revenue Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Intergovernmental - federal sources	\$ 181,394	\$ 342,894	\$ 225,826	\$ (117,068)
Other	5,000	5,000	31,511	26,511
Total revenues	186,394	347,894	257,337	(90,557)
Expenditures				
Current:				
Health and welfare	246,394	407,894	266,104	(141,790)
Net change in fund balance	(60,000)	(60,000)	(8,767)	51,233
Fund balance, beginning of year	64,815	64,815	64,815	-
Fund balance, end of year	<u>\$ 4,815</u>	<u>\$ 4,815</u>	<u>\$ 56,048</u>	<u>\$ 51,233</u>

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Health Department Special Revenue Fund

For the Year Ended December 31, 2014

	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Licenses and permits	\$ 390,250	\$ 390,250	\$ 403,310	\$ 13,060
Intergovernmental:				
Federal sources	1,783,905	1,795,354	1,806,598	11,244
State sources	1,367,008	1,367,008	1,383,774	16,766
Local sources	116,100	160,269	157,869	(2,400)
Charges for services	309,700	321,200	314,503	(6,697)
Other revenues	175	175	13,138	12,963
Total revenues	3,967,138	4,034,256	4,079,192	44,936
Expenditures				
Current:				
Health and welfare	5,703,413	5,808,391	5,552,419	(255,972)
Revenue under expenditures	(1,736,275)	(1,774,135)	(1,473,227)	300,908
Other financing sources				
Transfers in	1,299,907	1,299,906	1,299,907	1
Net change in fund balance	(436,368)	(474,229)	(173,320)	300,909
Fund balance, beginning of year	1,802,091	1,802,091	1,802,091	-
Fund balance, end of year	\$ 1,365,723	\$ 1,327,862	\$ 1,628,771	\$ 300,909

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Net Position

Proprietary Funds

December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
	Grand Traverse Pavilions	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Assets					
Current assets:					
Cash and cash equivalents	\$ 7,922,794	\$ 4,161,672	\$ 2,658,480	\$ 14,742,946	\$ 1,006,275
Investments	-	3,894,096	-	3,894,096	-
Receivables, net:					
Accounts	3,006,151	323,997	69,937	3,400,085	32,173
Taxes	2,617,460	4,046,080	131,030	6,794,570	-
Interest	-	512,854	-	512,854	-
Inventories	123,749	-	-	123,749	-
Due from other funds	-	-	1,390	1,390	174,609
Prepaid items and other assets	17,050	-	200	17,250	578,329
Total current assets	13,687,204	12,938,699	2,861,037	29,486,940	1,791,386
Noncurrent assets:					
Capital assets:					
Capital assets not being depreciated	1,851,946	-	-	1,851,946	-
Capital assets being depreciated, net	21,583,029	-	-	21,583,029	244,255
Total noncurrent assets	23,434,975	-	-	23,434,975	244,255
Total assets	37,122,179	12,938,699	2,861,037	52,921,915	2,035,641
Deferred outflows of resources					
Deferred loss on advance refunding	265,653	-	-	265,653	-
Liabilities					
Current liabilities:					
Accounts payable	214,433	9	23,253	237,695	367,779
Accrued liabilities	1,243,620	-	31,361	1,274,981	86,443
Claims payable	-	-	-	-	65,101
Accrued interest payable	45,737	-	-	45,737	-
Due to other funds	-	1,040,533	51,982	1,092,515	152,269
Advance from other funds	-	-	-	-	150,000
Due to other governments	236,725	-	267,288	504,013	-
Current portion of bonds payable	1,235,000	-	-	1,235,000	-
Current portion of compensated absences	55,752	-	-	55,752	-
Total current liabilities	3,031,267	1,040,542	373,884	4,445,693	821,592
Long-term liabilities:					
Bonds payable	4,806,171	-	-	4,806,171	-
Compensated absences	501,763	-	49,812	551,575	34,694
Net other postemployment benefits obligation	685,886	-	-	685,886	-
Total long-term liabilities	5,993,820	-	49,812	6,043,632	34,694
Total liabilities	9,025,087	1,040,542	423,696	10,489,325	856,286
Deferred inflows of resources					
Property taxes levied for subsequent year	2,950,332	-	-	2,950,332	-
Net position					
Net investment in capital assets	17,659,457	-	-	17,659,457	244,255
Unrestricted	7,752,956	11,898,157	2,437,341	22,088,454	935,100
Total net position	\$ 25,412,413	\$ 11,898,157	\$ 2,437,341	\$ 39,747,911	\$ 1,179,355

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
	Grand Traverse Pavilions	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Operating revenues					
Charges for services	\$ 24,735,108	\$ 233,893	\$ 2,118,150	\$ 27,087,151	\$ 13,713,660
Licenses and permits	-	-	-	-	-
Interest revenues	-	563,578	-	563,578	-
Other	2,769,448	27,545	165,291	2,962,284	907,351
Total operating revenues	27,504,556	825,016	2,283,441	30,613,013	14,621,011
Operating expenses					
Personnel services	19,153,977	-	1,001,267	20,155,244	909,531
Supplies	1,643,236	-	40,448	1,683,684	448,169
Contractual services	4,715,573	-	374,502	5,090,075	11,970,879
Depreciation	1,200,254	-	-	1,200,254	115,627
Other operating expenses	1,668,646	57,086	166,893	1,892,625	1,216,148
Total operating expenses	28,381,686	57,086	1,583,110	30,021,882	14,660,354
Operating income (loss)	(877,130)	767,930	700,331	591,131	(39,343)
Nonoperating revenues (expense)					
Property taxes	2,824,687	-	-	2,824,687	-
State sources	-	-	39,847	39,847	-
Gain (loss) on sale of capital assets	-	-	600	600	290
Interest revenues	10,672	13,284	295	24,251	1,126
Interest and fiscal charges	(341,271)	-	-	(341,271)	-
Total nonoperating revenues (expense)	2,494,088	13,284	40,742	2,548,114	1,416
Income (loss) before transfers	1,616,958	781,214	741,073	3,139,245	(37,927)
Transfers					
Transfers in	-	53,803	-	53,803	181,851
Transfers out	-	(972,220)	(120,545)	(1,092,765)	-
Change in net position	1,616,958	(137,203)	620,528	2,100,283	143,924
Net position, beginning of year	23,795,455	12,035,360	1,816,813	37,647,628	1,035,431
Net position, end of year	\$ 25,412,413	\$ 11,898,157	\$ 2,437,341	\$ 39,747,911	\$ 1,179,355

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
	Grand Traverse Pavilions	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Receipts from services	\$ 27,625,420	\$ -	\$ 2,361,788	\$ 29,987,208	\$ -
Receipts from payment of delinquent taxes	-	7,174,528	-	7,174,528	-
Receipts from interfund services	-	-	-	-	14,564,090
Payments to suppliers for goods and services	(8,354,572)	(57,086)	(421,019)	(8,832,677)	(13,962,952)
Payments to employees for services	(18,809,965)	-	(949,654)	(19,759,619)	(875,990)
Payments for delinquent taxes	-	(5,504,079)	-	(5,504,079)	-
Net cash provided by (used in) operating activities	460,883	1,613,363	991,115	3,065,361	(274,852)
Cash flows from noncapital financing activities					
Transfers from (to) other funds, net	-	(918,417)	(120,545)	(1,038,962)	181,851
Cash received from property taxes	3,029,016	-	-	3,029,016	-
Cash received from state grants	-	-	39,847	39,847	-
Net cash provided by (used in) noncapital financing activities	3,029,016	(918,417)	(80,698)	2,029,901	181,851
Cash flows from capital and related financing activities					
Principal payments	(2,165,000)	-	-	(2,165,000)	-
Interest payment and fiscal charges	(303,665)	-	-	(303,665)	-
Purchases of capital assets	(344,773)	-	-	(344,773)	(61,505)
Proceeds from sale of capital assets	49,514	-	600	50,114	290
Net cash provided by (used in) capital and related financing activities	(2,763,924)	-	600	(2,763,324)	(61,215)
Cash flows from investing activities					
Purchase of investments	-	(2,000,654)	-	(2,000,654)	-
Interest received	10,672	13,284	295	24,251	1,126
Net cash provided by (used in) investing activities	10,672	(1,987,370)	295	(1,976,403)	1,126
Change in cash and cash equivalents	736,647	(1,292,424)	911,312	355,535	(153,090)
Cash and cash equivalents, beginning of year	7,186,147	5,454,096	1,747,168	14,387,411	1,159,365
Cash and cash equivalents, end of year	\$ 7,922,794	\$ 4,161,672	\$ 2,658,480	\$ 14,742,946	\$ 1,006,275

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GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Cash Flows

Proprietary Funds

For the Year Ended December 31, 2014

	Business-type Activities - Enterprise Funds				Governmental Activities
	Grand Traverse Pavilions	Delinquent Tax Revolving	Nonmajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities					
Operating income (loss)	\$ (877,130)	\$ 767,930	\$ 700,331	\$ 591,131	\$ (39,343)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	1,200,254	-	-	1,200,254	115,627
Changes in:					
Accounts receivable	321,838	158,651	(5,962)	474,527	117,688
Taxes receivable	(200,974)	1,127,535	84,309	1,010,870	-
Interest receivable	-	290,481	-	290,481	-
Inventories	15,279	-	-	15,279	-
Due from other funds	-	-	(1,390)	(1,390)	(174,609)
Prepaid items and other assets	4,441	-	225	4,666	(1,971)
Accounts payable	(193,253)	(63,436)	(18,898)	(275,587)	(214,861)
Accrued liabilities	(45,798)	-	7,988	(37,810)	(101,442)
Claims payable	-	-	-	-	25,518
Due to other funds	-	(80,396)	39,323	(41,073)	(5,398)
Due to other governments	(153,584)	(587,402)	170,902	(570,084)	-
Compensated absences	41,786	-	14,287	56,073	3,939
Net other postemployment benefits obligation	348,024	-	-	348,024	-
Net cash provided by (used in) operating activities	\$ 460,883	\$ 1,613,363	\$ 991,115	\$ 3,065,361	\$ (274,852)

concluded

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

GRAND TRAVERSE COUNTY, MICHIGAN

Statement of Fiduciary Assets and Liabilities

Agency Funds

December 31, 2014

Assets

Cash and cash equivalents	\$ 2,780,972
Due from other governments	939,046
	<hr/>

Total assets	\$ 3,720,018
	<hr/> <hr/>

Liabilities

Due to other governments	\$ 2,491,991
Court items payable	135,187
Undistributed receipts	528,236
Other liabilities	564,604
	<hr/>

Total liabilities	\$ 3,720,018
	<hr/> <hr/>

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

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Net Position Discretely Presented Component Units December 31, 2014

	Component Units			
	Road Commission	Department of Public Works	Drain Commission	Brownfield Redevelopment Authority
Assets				
Cash and cash equivalents	\$ 4,231,544	\$ 491,539	\$ 140,798	\$ 1,978,908
Investments	-	-	-	-
Receivables, net	5,677,552	28,156,728	-	1,860,737
Inventories	1,006,291	-	-	-
Prepaid items and other assets	68,886	8,126	-	12,753,383
Restricted cash	1,427,710	-	-	-
Capital assets not being depreciated	28,173,688	400,000	-	-
Capital assets being depreciated, net	43,746,070	6,963,192	-	-
Total assets	84,331,741	36,019,585	140,798	16,593,028
Deferred outflows of resources				
Deferred loss on advance refunding	-	-	-	-
Liabilities				
Accounts payable and accrued liabilities	1,488,871	4,868,207	-	12,607,401
Unearned revenues	1,140,887	-	-	3,036
Long-term debt:				
Due within one year	631,158	3,167,148	-	133,049
Due in more than one year	1,350,784	25,413,172	-	4,020,839
Net other postemployment benefits obligation	2,516,828	-	-	-
Total liabilities	7,128,528	33,448,527	-	16,764,325
Deferred inflows of resources				
Property taxes levied for subsequent year	3,582,462	-	-	66,199
Net position				
Net investment in capital assets	70,115,831	4,416,192	-	-
Restricted	1,427,710	-	140,798	-
Unrestricted	2,077,210	(1,845,134)	-	(237,496)
Total net position	\$ 73,620,751	\$ 2,571,058	\$ 140,798	\$ (237,496)

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



Component Units		
Land Bank Authority	Hospital Finance Authority	Total
\$ 88,398	\$ -	\$ 6,931,187
-	-	-
5,236	-	35,700,253
541,374	-	1,547,665
-	-	12,830,395
-	-	1,427,710
-	-	28,573,688
-	-	50,709,262
635,008	-	137,720,160
-	-	-
45,641	-	19,010,120
-	-	1,143,923
-	-	3,931,355
-	-	30,784,795
-	-	2,516,828
45,641	-	57,387,021
4,350	-	3,653,011
-	-	74,532,023
-	-	1,568,508
585,017	-	579,597
\$ 585,017	\$ -	\$ 76,680,128

GRAND TRAVERSE COUNTY, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended December 31, 2014

	Component Units			
	Road Commission	Department of Public Works	Drain Commission	Brownfield Redevelopment Authority
Expenses				
Road Commission	\$ 11,057,338	\$ -	\$ -	\$ -
Department of Public Works	-	6,450,090	-	-
Brownfield Redevelopment Authority	-	-	-	3,171,407
Land Bank Authority	-	-	-	-
Total expenses	11,057,338	6,450,090	-	3,171,407
Program revenues				
Charges for services	1,523,670	1,319,498	-	50,000
Operating grants and contributions	7,506,660	5,328,768	-	813,344
Capital grants and contributions	1,616,664	-	-	-
Total program revenues	10,646,994	6,648,266	-	863,344
Net revenues (expenses)	(410,344)	198,176	-	(2,308,063)
General revenues				
Property taxes	3,495,558	-	-	1,681,001
Unrestricted investment earnings	4,321	31	52	2,327
Total general revenues	3,542,300	31	52	1,683,328
Change in net position	3,131,956	198,207	52	(624,735)
Net position, beginning of year	70,488,795	2,372,851	140,746	387,239
Net position (deficit), end of year	\$ 73,620,751	\$ 2,571,058	\$ 140,798	\$ (237,496)

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

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Component Units		
Land Bank Authority	Hospital Finance Authority	Total
\$ -	\$ -	\$ 11,057,338
-	-	6,450,090
-	-	3,171,407
81,981	-	81,981
<hr/>		
81,981	-	20,760,816
<hr/>		
30,639	-	2,923,807
44,000	-	13,692,772
-	-	1,616,664
<hr/>		
74,639	-	18,233,243
<hr/>		
(7,342)	-	(2,527,573)
<hr/>		
4,873	-	5,181,432
43	-	6,774
<hr/>		
4,916	-	5,230,627
<hr/>		
(2,426)	-	2,703,054
<hr/>		
587,443	-	73,977,074
<hr/>		
\$ 585,017	\$ -	\$ 76,680,128
<hr/>		

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Blended Component Units

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

Discretely Presented Component Units

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

The financial activity of the Department of Public Works for the year ended December 31, 2014 is reported discretely as an enterprise fund type. There are no separately issued financial statements for this component unit.

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

The financial activity of the Drain Commission for the year ended December 31, 2014 is reported discretely as a governmental fund type. There are no separately issued financial statements for this component unit, although financial information for the specific drainage districts may be obtained from the County Drain Commissioner, 2650 LaFranier Road, Traverse City, Michigan 49686.

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

The financial activity of the Brownfield Redevelopment Authority for the year ended December 31, 2014 is reported discretely as a governmental fund type. There are no separately issued financial statements for this component unit.

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

The financial activity of the Land Bank Authority for the year ended December 31, 2014 is reported discretely as an enterprise fund type. There are no separately issued financial statements for this component unit.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

The Hospital Finance Authority is reported discretely as an enterprise fund type, however there was not any financial activity or balances for the year ended June 30, 2014. There are no separately issued financial statements for this component unit.

As of June 30, 2014, the Hospital Finance Authority had outstanding conduit debt in the amount \$125,012,000.

Regional Joint Operations

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

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

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

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

Basis of Presentation

Government-wide and Fund Financial Statements

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Grand Traverse Pavilions, Delinquent Tax Revolving, Inspections and Solid Waste enterprise funds and the discretely presented component units Department of Public Works, Land Bank Authority, and Hospital Finance Authority enterprise funds and the County's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following major proprietary funds:

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

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

Additionally, the County reports the following fund types:

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

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

Restricted net position consists of amounts that are subject to restrictions beyond the County's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

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

Cash and Cash Equivalents

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

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

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

The County pools cash resources of various funds in order to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the County's investments.

Restricted Cash

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Investments

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

Receivables and Payables

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

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

All Grand Traverse Pavilions' accounts receivable are shown net of an allowance for uncollectible accounts. Grand Traverse Pavilions' accounts receivable in excess of 120 days primarily comprise the allowance for uncollectible accounts. At December 31, 2014 the allowance amounted to \$900,000.

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

Loans receivable consists of economic development fund loans to promote economic development within the County, CDBG funds advanced to area residents for home improvements which must be repaid by the homeowner upon sale or foreclosure, and Brownfield Redevelopment Authority component unit loans to assist with the economic development of environmentally distressed sites within the County. The County has an enforceable lien on such property. The amount of loans receivable not expected to be collected within one year is \$3,555,707.

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

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

The amount of lease receivables not expected to be collected within one year is \$23,767,960.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Inventories, Prepaid Items and Other Assets

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

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 (\$1,000 for the Road Commission component unit) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County only has one item that qualifies for reporting in this category, which is the deferred loss on advance refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned Revenue

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

Compensated Absences

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

Long-term Obligations

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that are intended to finance future periods.

Interfund Transactions

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

Fund Balance

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Use of Estimates

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

2. BUDGETARY INFORMATION

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

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

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

	Amended Budget	Actual	Budget Variance
General Fund			
Health and welfare:			
Substance abuse	\$ 594,275	\$ 863,994	\$ 269,719

4. DEFICIT FUND EQUITY

The County reported deficit unassigned fund balance of \$1,320,000 in the Building Authority LaFranier DPW debt service fund. This was the result of the fund receiving a lump sum payment (advance from other funds) in a prior year in order to call the related bonds early, which is reduced ratably over the course of the related rental agreement.

The Woodmere nonmajor governmental debt service fund also reported a deficit unassigned fund balance of \$915,000. This was also the result of the fund receiving a lump sum payment (advance from other funds) in a prior year in order to call the related bonds early, which is reduced ratably over the course of the related rental agreement.

As the result of debt issued, the County reported a deficit net position in the Brownfield component unit in the amount of \$237,496. As this debt is repaid, this deficit is expected to be eliminated.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Deposits

At December 31, 2014, the County's cash, investments and restricted cash are reported as follows:

	Governmental Activities	Business-type Activities	Fiduciary Funds	Component Units	Total
Cash and cash equivalents	\$ 7,843,910	\$ 14,742,946	\$ 2,780,972	\$ 6,931,187	\$ 32,299,015
Investments	1,277,358	3,894,096	-	-	5,171,454
Restricted cash	-	-	-	1,427,710	1,427,710
Total	\$ 9,121,268	\$ 18,637,042	\$ 2,780,972	\$ 8,358,897	\$ 38,898,179

Deposits and investments:

Bank deposits (checking and savings)	\$ 26,758,509
Certificates of deposit:	
Due within one year	7,174,364
Due in one to five years	220,792
Investments (securities and money market pooled funds)	4,735,256
Cash on hand	9,258

Total	\$ 38,898,179
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Deposit and Investment Risk

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

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned. State law does not require and the County's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. The County does a quarterly internal rating of the banks it has deposits in excess of the FDIC limit by utilizing outside sources to obtain the ratings. As of year-end, \$6,780,295 of the bank balance of the primary government (including its blended component unit) of \$28,888,984 was exposed to custodial credit risk because it was uninsured and uncollateralized.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

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

Investments

At December 31, 2014, the County's investments consisted of the following:

Investment	Fair Market Value	Interest Rate	Maturity Date	Rating	Callable
Primary government					
Federal Home Loan Bank Bonds	\$ 464,284	1.00%	12/26/2017	S&P AA+	Noncallable
Federal Home Loan Bank Bonds	495,700	1.26%	3/26/2018	S&P AA+	Noncallable
Federal Home Loan Bank Bonds	999,970	1.45%	6/20/2018	S&P AA+	Noncallable
Federal Farm Credit Bank Bonds	246,848	1.25%	1/23/2019	S&P AA+	Noncallable
Federal Home Loan Bank Bonds	249,760	1.60%	2/28/2019	S&P AA+	Noncallable
State of Michigan GO Bonds	139,669	5.00%	11/15/2017	S&P AA+	Noncallable
Money market	2,131,996	Varies	N/A	S&P AAA/m	N/A
Money market	7,029	Varies	N/A	Not rated	N/A
Total	\$ 4,735,256				

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES AND PAYABLES

Accounts receivables, net

Receivables are comprised of the following at year-end:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivables	\$ 835,421	\$ 4,300,085	\$ 913,962
Due from other governments	7,052,603	-	3,202,614
Allowance for uncollectible accounts	(659,213)	(900,000)	-
Loans receivable	2,568,372	-	1,075,482
Taxes receivable	2,381,210	6,794,570	3,590,938
Leases receivable	-	-	26,757,960
Interest receivable	22,283	512,854	159,297
Total	\$ 12,200,676	\$ 10,707,509	\$ 35,700,253

Accounts payable and accrued liabilities

Payables are comprised of the following at year-end:

	Governmental Activities	Business-Type Activities	Component Units
Accounts payable	\$ 1,372,948	\$ 237,695	\$ 9,485,914
Accrued liabilities	1,058,828	1,274,981	315,190
Claims payable	65,101	-	-
Accrued interest payable	36,590	45,737	198,845
Due to other governments	149,141	504,013	9,010,171
Total	\$ 2,682,608	\$ 2,062,426	\$ 19,010,120

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

7. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 15,639,877	\$ -	\$ -	\$ -	\$ 15,639,877
Capital assets being depreciated:					
Land improvements	2,276,259	6,400	-	-	2,282,659
Infrastructure	828,241	-	-	-	828,241
Buildings and improvements	43,729,134	285,067	-	-	44,014,201
Equipment and furniture	9,768,431	143,698	(148,832)	-	9,763,297
Vehicles and equipment	2,928,121	349,836	(238,938)	-	3,039,019
	<u>59,530,186</u>	<u>785,001</u>	<u>(387,770)</u>	<u>-</u>	<u>59,927,417</u>
Less accumulated depreciation for:					
Land improvements	(1,359,852)	(107,945)	-	-	(1,467,797)
Infrastructure	(647,163)	(75,926)	-	-	(723,089)
Buildings and improvements	(17,062,036)	(1,107,912)	-	-	(18,169,948)
Equipment and furniture	(7,839,180)	(517,848)	148,832	-	(8,208,196)
Vehicles and equipment	(2,376,205)	(227,856)	238,938	-	(2,365,123)
	<u>(29,284,436)</u>	<u>(2,037,487)</u>	<u>387,770</u>	<u>-</u>	<u>(30,934,153)</u>
Total capital assets being depreciated, net	<u>30,245,750</u>	<u>(1,252,486)</u>	<u>-</u>	<u>-</u>	<u>28,993,264</u>
Governmental activities capital assets, net	<u>\$ 45,885,627</u>	<u>\$ (1,252,486)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 44,633,141</u>

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 1,870,064	\$ -	\$ (49,514)	\$ -	\$ 1,820,550
Construction in progress	7,080	31,396	-	(7,080)	31,396
	<u>1,877,144</u>	<u>31,396</u>	<u>(49,514)</u>	<u>(7,080)</u>	<u>1,851,946</u>
Capital assets being depreciated:					
Land improvements	2,866,941	-	-	-	2,866,941
Buildings and improvements	34,955,261	211,351	-	-	35,166,612
Equipment and furniture	2,769,550	102,026	-	7,080	2,878,656
Vehicles and equipment	321,413	-	(16,400)	-	305,013
	<u>40,913,165</u>	<u>313,377</u>	<u>(16,400)</u>	<u>7,080</u>	<u>41,217,222</u>
Less accumulated depreciation for:					
Land improvements	(1,878,928)	(143,680)	-	-	(2,022,608)
Buildings and improvements	(13,958,914)	(917,934)	-	-	(14,876,848)
Equipment and furniture	(2,344,507)	(122,179)	-	-	(2,466,686)
Vehicles and equipment	(267,990)	(16,461)	16,400	-	(268,051)
	<u>(18,450,339)</u>	<u>(1,200,254)</u>	<u>16,400</u>	<u>-</u>	<u>(19,634,193)</u>
Total capital assets being depreciated, net	<u>22,462,826</u>	<u>(886,877)</u>	<u>-</u>	<u>7,080</u>	<u>21,583,029</u>
Business-type activities capital assets, net	<u>\$ 24,339,970</u>	<u>\$ (855,481)</u>	<u>\$ (49,514)</u>	<u>\$ -</u>	<u>\$ 23,434,975</u>

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

Governmental activities

Judicial	\$ 301,840
General government	392,500
Public safety	786,454
Health and welfare	215,971
Recreation and culture	225,095
Internal service funds	115,627
	<u>\$ 2,037,487</u>

Business-type activities

Medical care facility	<u>\$ 1,200,254</u>
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GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - Road Commission					
Capital assets not being depreciated:					
Land and improvements	\$ 1,021,299	\$ 14,500	\$ -	\$ -	\$ 1,035,799
Land / right-of-way	26,721,615	273,133	-	-	26,994,748
Construction in progress	9,836	143,141	-	(9,836)	143,141
	<u>27,752,750</u>	<u>430,774</u>	<u>-</u>	<u>(9,836)</u>	<u>28,173,688</u>
Capital assets being depreciated:					
Buildings	4,042,318	9,835	-	-	4,052,153
Road equipment	9,052,916	789,710	(553,665)	-	9,288,961
Shop equipment	173,434	65,525	-	-	238,959
Office equipment	214,384	-	-	-	214,384
Engineer's equipment	119,629	8,690	-	-	128,319
Yard and storage	1,688,190	-	-	-	1,688,190
Infrastructure - bridges	1,060,643	-	-	-	1,060,643
Infrastructure - roads	73,987,465	5,176,888	-	9,836	79,174,189
	<u>90,338,979</u>	<u>6,050,648</u>	<u>(553,665)</u>	<u>9,836</u>	<u>95,845,798</u>
Less accumulated depreciation for:					
Buildings	(993,059)	(80,879)	-	-	(1,073,938)
Road equipment	(7,310,359)	(735,238)	549,464	-	(7,496,133)
Shop equipment	(139,931)	(12,596)	-	-	(152,527)
Office equipment	(184,695)	(7,746)	-	-	(192,441)
Engineer's equipment	(102,528)	(3,450)	-	-	(105,978)
Yard and storage	(1,032,338)	(51,485)	-	-	(1,083,823)
Infrastructure - bridges	(867,532)	(14,767)	-	-	(882,299)
Infrastructure - roads	(37,786,283)	(3,326,306)	-	-	(41,112,589)
	<u>(48,416,725)</u>	<u>(4,232,467)</u>	<u>549,464</u>	<u>-</u>	<u>(52,099,728)</u>
Total capital assets being depreciated, net	<u>41,922,254</u>	<u>1,818,181</u>	<u>(4,201)</u>	<u>9,836</u>	<u>43,746,070</u>
Road Commission					
capital assets, net	<u>\$ 69,675,004</u>	<u>\$ 2,248,955</u>	<u>\$ (4,201)</u>	<u>\$ -</u>	<u>\$ 71,919,758</u>

The Road Commission had construction commitments of approximately \$84,000 at December 31, 2014 related to design work for upcoming road infrastructure projects.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Component unit - Department of Public Works					
Capital assets not being depreciated:					
Land	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Capital assets being depreciated:					
Building	7,623,862	-	-	-	7,623,862
Equipment and furniture	25,432	82,306	-	-	107,738
	<u>7,649,294</u>	<u>82,306</u>	<u>-</u>	<u>-</u>	<u>7,731,600</u>
Less accumulated depreciation for:					
Building	(544,561)	(217,824)	-	-	(762,385)
Equipment and furniture	(636)	(5,387)	-	-	(6,023)
	<u>(545,197)</u>	<u>(223,211)</u>	<u>-</u>	<u>-</u>	<u>(768,408)</u>
Total capital assets being depreciated, net	<u>7,104,097</u>	<u>(140,905)</u>	<u>-</u>	<u>-</u>	<u>6,963,192</u>
Department of Public Works					
capital assets, net	<u>\$ 7,504,097</u>	<u>\$ (140,905)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,363,192</u>

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

For the year ended December 31, 2014, interfund balances were as follows:

	Due from Other Funds	Due to Other Funds
General fund	\$ 842,054	\$ -
Commission on Aging fund	-	11,675
CDBG fund	-	145
Health department fund	-	41,945
Nonmajor governmental funds	499,275	218,779
Delinquent Tax Revolving fund	-	1,040,533
Nonmajor enterprise funds	1,390	51,982
Internal service funds	<u>174,609</u>	<u>152,269</u>
	<u>\$ 1,517,328</u>	<u>\$ 1,517,328</u>

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

	Advance from Other Funds	Advance to Other Funds
General fund	\$ 563,913	\$ 2,755,494
Building Authority LaFranier DPW fund	1,320,000	-
Nonmajor governmental funds	1,285,494	563,913
Internal service funds	150,000	-
	<u>\$ 3,319,407</u>	<u>\$ 3,319,407</u>

The amounts payable to the General fund relate to working capital loans that were made to the nonmajor governmental and internal service funds. None of these balances are expected to be collected in the subsequent year. The advance from the Revenue Sharing Reserve special revenue fund is a working capital advance scheduled to be utilized by the General fund over the next two years. As the allowed amounts are used there is no requirement for the General fund to repay these funds.

Transfers in	Transfers out				Totals
	General fund	Nonmajor governmental funds	Delinquent Tax Revolving fund	Nonmajor enterprise funds	
General fund	\$ -	\$ 1,372,778	\$ 972,220	\$ 50,000	\$ 2,394,998
Health Department	1,299,907	-	-	-	1,299,907
Building Authority LaFranier DPW fund	185,000	-	-	-	185,000
Nonmajor governmental funds	8,963,337	-	-	16,742	8,980,079
Delinquent Tax Revolving fund	-	-	-	53,803	53,803
Internal service funds	181,851	-	-	-	181,851
Total	<u>\$ 10,630,095</u>	<u>\$ 1,372,778</u>	<u>\$ 972,220</u>	<u>\$ 120,545</u>	<u>\$ 13,095,638</u>

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

9. LONG-TERM DEBT

Long-term debt activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Primary Government</i>					
Governmental activities					
General obligation bonds	\$ 10,480,000	\$ -	\$ (545,000)	\$ 9,935,000	\$ 570,000
Bond discounts	(44,452)	-	1,852	(42,600)	-
Compensated absences	1,586,406	115,824	(85,620)	1,616,610	9,647
	<u>\$ 12,021,954</u>	<u>\$ 115,824</u>	<u>\$ (628,768)</u>	<u>\$ 11,509,010</u>	<u>\$ 579,647</u>
Business-type activities					
General obligation bonds	\$ 8,175,000	\$ -	\$ (2,165,000)	\$ 6,010,000	\$ 1,235,000
Bond premiums	69,029	-	(37,858)	31,171	-
Compensated absences	551,254	107,646	(51,573)	607,327	55,752
	<u>\$ 8,795,283</u>	<u>\$ 107,646</u>	<u>\$ (2,254,431)</u>	<u>\$ 6,648,498</u>	<u>\$ 1,290,752</u>
<i>Component Units</i>					
Department of Public Works					
General obligation bonds	\$ 29,275,000	\$ -	\$ (2,945,000)	\$ 26,330,000	\$ 3,065,000
Notes payable	2,330,863	-	(133,863)	2,197,000	100,000
Compensated absences	52,066	9,286	(8,032)	53,320	2,148
	<u>\$ 31,657,929</u>	<u>\$ 9,286</u>	<u>\$ (3,086,895)</u>	<u>\$ 28,580,320</u>	<u>\$ 3,167,148</u>
Road Commission					
General obligation bonds	\$ 850,000	\$ -	\$ (275,000)	\$ 575,000	\$ 285,000
Equipment lease	997,823	554,479	(323,375)	1,228,927	328,358
Compensated absences	165,109	140,315	(127,409)	178,015	17,800
	<u>\$ 2,012,932</u>	<u>\$ 694,794</u>	<u>\$ (725,784)</u>	<u>\$ 1,981,942</u>	<u>\$ 631,158</u>
Brownfield Redevelopment Authority					
Loans payable	\$ 4,348,945	\$ -	\$ (195,057)	\$ 4,153,888	\$ 133,049

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Description	Interest Rates	Maturing	Balance at 12/31/2014
Building authority bonds:			
District/probate courthouse	2.00-3.125	2025	\$ 5,355,000
Health services building	2.00-4.00	2036	<u>4,580,000</u>
Governmental activities total			<u>9,935,000</u>
Enterprise fund bonds:			
Series 2004A Grand Traverse Pavilions	3.00-3.50	2015	185,000
Series 2004B Grand Traverse Pavilions Cottages	3.25-4.00	2019	1,925,000
Series 2007 Grand Traverse Pavilions Cottages	4.00-4.375	2031	3,285,000
Series 2009 Grand Traverse Pavilions	3.00	2015	<u>615,000</u>
Business-type activities total			<u>6,010,000</u>
Department of Public Works:			
Traverse City wastewater treatment plant refunding	1.50-3.75	2015	335,000
Whitewater Township sanitary sewer system	4.30-5.50	2015	40,000
Blair Township 2007 water system improvement refunding	4.00-4.625	2023	3,460,000
Blair Township 2005 sewer system improvement refunding	3.00-4.30	2025	3,700,000
East Bay and Peninsula Townships sewer/water refunding	1.25-2.20	2023	2,385,000
Traverse City wastewater treatment plant upgrade refunding	3.00-4.00	2022	15,660,000
2004 septage treatment facility project	3.05-5.00	2024	750,000
Sewer and water improvement notes	2.00	2032	<u>2,197,000</u>
Department of Public Works total			<u>28,527,000</u>
Road Commission:			
2006 Michigan transportation fund	3.00-3.25	2016	575,000
2013 equipment lease	1.53	2018	<u>1,228,927</u>
Road Commission total			<u>1,803,927</u>
Brownfield Redevelopment Authority:			
MI Environmental Quality Remediation Loan	2.00	2021	378,191
MI Environmental Quality Remediation Loan	1.50	2027	878,447
MI Environmental Quality Remediation Loan	1.50	2028	1,397,424
MI Environmental Quality Remediation Loan	1.50	2028	600,000
MI Environmental Quality Remediation Loan	2.00	2024	<u>899,826</u>
Brownfield Redevelopment Authority total			<u>4,153,888</u>
Total bonds, notes and loans payable			<u>\$50,429,815</u>

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Governmental Activities		Business-type Activities		Component Units	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 570,000	\$ 291,218	\$ 1,235,000	\$ 236,699	\$ 3,350,000	\$ 868,784
2016	570,000	279,868	425,000	196,844	3,080,000	883,578
2017	590,000	268,268	420,000	181,794	2,835,000	765,134
2018	615,000	253,968	415,000	166,438	2,955,000	653,471
2019	640,000	236,382	410,000	149,838	3,080,000	540,290
2020-2024	3,445,000	897,054	1,325,000	534,917	11,230,000	987,746
2025-2029	1,605,000	480,578	1,280,000	249,729	375,000	16,125
2030-2034	1,295,000	277,126	500,000	21,875	-	-
2035-2036	605,000	36,600	-	-	-	-
	<u>\$ 9,935,000</u>	<u>\$ 3,021,062</u>	<u>\$ 6,010,000</u>	<u>\$ 1,738,134</u>	<u>\$26,905,000</u>	<u>\$ 4,715,128</u>

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

Year Ended December 31,	Component Units	
	Principal	Interest
2015	\$ 100,000	\$ 43,940
2016	100,000	41,940
2017	110,000	39,940
2018	110,000	37,740
2019	115,000	35,540
2020-2024	590,000	142,900
2025-2029	632,000	82,340
2030-2032	440,000	17,700
	<u>\$ 2,197,000</u>	<u>\$ 442,040</u>

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

Year Ended December 31,	Component Units	
	Principal	Interest
2015	\$ 133,049	\$ 26,923
2016	135,711	24,079
2017	224,359	21,178
2018	410,642	30,107
2019	387,545	53,007
2020-2024	1,859,170	165,868
2025-2028	1,003,412	35,999
	<u>\$ 4,153,888</u>	<u>\$ 357,161</u>

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

Year Ended December 31,	Component Units	
	Principal	Interest
2015	\$ 328,358	\$ 16,504
2016	333,417	11,447
2017	338,557	6,310
2018	228,595	1,314
	<u>\$ 1,228,927</u>	<u>\$ 35,575</u>

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

Compensated absences in governmental activities are generally liquidated by the General fund.

Defeased Debt

During 1999, the County advance refunded \$11,250,000 of Building Authority, Series 1995 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2014, \$1,700,000 remains in escrow for the payment of these bonds through 2015. Therefore, the bonds in the amount of \$1,700,000 are considered defeased at year-end.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

During 2004, the County advance refunded \$2,275,000 of Building Authority, Series 1997 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2014, \$225,000 remains in escrow for the payment of these bonds through 2015. Therefore, the bonds in the amount of \$225,000 are considered defeased at year-end.

Also during 2004, the County advance refunded \$2,950,000 of Building Authority, Series 1999 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2014, \$1,875,000 remains in escrow for the payment of these bonds through 2019. Therefore, the bonds in the amount of \$1,875,000 are considered defeased at year-end.

During 2009, the County advance refunded \$10,025,000 of Building Authority, Series 1999 Refunding Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2014, \$1,665,000 remains in escrow for the payment of these bonds through 2015. Therefore, the bonds in the amount of \$1,665,000 are considered defeased at year-end.

During 2011, the County advance refunded \$21,300,000 of County, Series 2002 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2014, \$16,475,000 remains in escrow for the payment of these bonds through 2022. Therefore, the bonds in the amount of \$16,475,000 are considered defeased at year-end.

During 2012, the County advance refunded \$6,160,000 of County, Series 2005 Bonds. Resources to purchase U.S. government securities were placed in an escrow fund for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the liability for the bonds was removed from the statement of net position. As of December 31, 2014, \$5,410,000 remains in escrow for the payment of these bonds through 2025. Therefore, the bonds in the amount of \$5,410,000 are considered defeased at year-end.

Discretely Presented Component Units

The Board of County Road Commissioners has entered into a bond agreement with the Michigan Department of Transportation that has a balance of \$575,000 at December 31, 2014. The proceeds were used to finance the construction of improvements to the County's roadway system. The \$575,000 bond is to be paid back over a remaining two-year period with a sliding scale interest rate, maturing in 2016.

The Board of County Road Commissioners has entered into an equipment loan agreement with Fifth Third Bank that has a balance of \$1,228,927 at December 31, 2014. The proceeds were used to purchase equipment. The loan is to be paid back in monthly installments with the final payment due August 2018.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The Board of County Road Commissioners has entered into an agreement with Whitewater Township to pay one-half of the principal and all of the interest on the Series 2006 bonds. The principal owed to the Road Commission from Whitewater Township for the 2006 Series bond of \$168,750 is reported on the statement of net position as accounts payable and accrued liabilities.

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

The Brownfield Redevelopment Authority has entered into five loan agreements with the Michigan Department of Environmental Quality (MDEQ) that have a balance of \$4,153,888 at December 31, 2014. The loans are to be paid back over a 10-year period with annual payments ranging from \$138,398 to \$406,750 with interest ranging from 1.5% to 2.0%. The final loan matures in 2028. The proceeds were used for development site clean-up. The payments will be funded with tax increment financing revenues. The County holds letters of credit with project developers that will be used to meet loan payments should the tax increment financing revenue fall short.

As of June 30, 2014, the Hospital Finance Authority had outstanding conduit debt in the amount \$125,012,000.

10. RISK MANAGEMENT

General Liability Insurance

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

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

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

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2014, the Authority had met the minimum requirements.

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

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

	2014	2013
Claims liability at beginning of year	\$ 135,673	\$ 77,700
Claims and damages incurred	2,500	76,200
Claims payments	(108,026)	(18,227)
Claims liability at the end of year	<u>\$ 30,147</u>	<u>\$ 135,673</u>

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

Risk Management Self-insurance for Workers' Compensation

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

The workers' compensation claims liability of \$65,101 reported in the Fringe Benefits fund at December 31, 2014, is based on the requirements that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is reported based on information provided by the administrator of the plan. No annuity contracts have been purchased for claims liability.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

	2014	2013
Claims liability, beginning of year	\$ 39,583	\$ 117,977
Claims and damages incurred	43,679	10,137
Claims payments	(18,161)	(88,531)
Claims liability, end of year	<u>\$ 65,101</u>	<u>\$ 39,583</u>

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

Road Commission

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

11. JOINT AGREEMENTS

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

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

12. PROPERTY TAXES

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Assessed values, as established annually by the local units of government and subject to acceptance by the County, are equalized by the State at an estimated 50 percent of current market value. Real and personal property in the County for the summer 2014 levy was assessed and equalized at \$4,473,291,394, representing 50 percent of estimated current market value. The government's general operating, medical care, and commission on aging tax rates for 2014 were 4.9838, .6595, and .6000 mills, respectively.

13. DEFINED BENEFIT PENSION PLAN

Pension Plan - Primary Government (excluding the Grand Traverse Pavilions)

Plan Description. The County's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The County participates in the Municipal Employees' Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The County is required to contribute at an actuarially determined rate; the current rate ranges from 24.31% to 46.52% of annual covered payroll depending on the valuation division for the County's open divisions. The County is required to contribute fixed amounts for the closed divisions. Closed divisions no longer allow new employees to become members of the defined benefit pension plan. Employees are currently not required to contribute to the Plan. The contribution requirements of the County are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the County, depending on the MERS contribution program adopted by the County.

Annual Pension Cost. For the year ended December 31, 2014, the County's annual pension cost of \$4,258,800 for MERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 1.0% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 13.0% per year, depending on age, attributable to seniority/merit. Although no specific price inflation assumption is used for this valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% to 4%. The actuarial value of MERS assets was determined based on a 10-year smoothed value of assets. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was 25 years for open divisions and 14 years for closed divisions.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 3,879,285	100%	\$ -
12/31/2013	3,964,683	100%	-
12/31/2014	4,258,800	100%	-

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 48.4% funded. The actuarial accrued liability for benefits was \$88,858,803, and the actuarial value of assets was \$43,044,874, resulting in an unfunded actuarial accrued liability (UAAL) of \$45,813,929. The covered payroll (annual payroll of active employees covered by the plan) was \$4,557,937 and the ratio of the UAAL to the covered payroll was 1,005.1 percent.

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

Pension Plan - Grand Traverse Pavilions

Plan Description. The Pavilions defined benefit pension plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Grand Traverse Pavilions participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan administered by the MERS Retirement Board. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to MERS, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The Pavilions is required to contribute at an actuarially determined rate; the current rate ranges from 4.03% to 7.84% of annual covered payroll. Employees are currently required to contribute to the Plan. Employee contributions range from 0.40% to 7.81%. The contribution requirements of the Pavilions are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Pavilions, depending on the MERS contribution program adopted by the Pavilions.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Annual Pension Cost. For the year ended December 31, 2014, the Pavilions annual pension cost of \$878,191 for MERS was equal to the Pavilions required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 1.0% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 13.00% per year, depending on age, attributable to seniority/merit. Although no specific price inflation assumption is used for this valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% to 4%. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return, and includes an adjustment to reflect fair value. The Pavilion's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, the date of the latest actuarial valuation, was 25 years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 894,639	100%	\$ -
12/31/2013	787,668	100%	-
12/31/2014	878,191	100%	-

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 81.0% funded. The actuarial accrued liability for benefits was \$31,059,842, and the actuarial value of assets was \$25,171,760 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,888,082. The covered payroll (annual payroll of active employees covered by the plan) was \$13,864,604 and the ratio of the UAAL to the covered payroll was 42.5 percent.

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Pension Plan - Road Commission Component Unit

Plan Description. The Road Commission's defined benefit pension plan provides retirement and disability benefits and death benefits to plan members and beneficiaries. Eligible employees for this plan were hired prior to April 1, 1996. The Road Commission participates in the Municipal Employees Retirement System (MERS), an agent multiple-employer plan administered by the Retirement Board of MERS. Act No. 427 of the Public Acts of 1984, as amended, establishes and amends the benefit provisions of the participants in MERS. The Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy. The Road Commission is required to contribute fixed amounts for the closed divisions. Closed divisions no longer allow new employees to become members of the defined benefit pension plan. Employees are currently not required to contribute to the Plan. The Road Commission does not have any open divisions. The contribution requirements of the Road Commission are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Road Commission, depending on the MERS contribution program adopted by the Road Commission.

Annual Pension Cost. For the year ended December 31, 2014, the Road Commission's annual pension cost of \$484,104 for MERS was equal to the Road Commission's required and actual contributions. The required contribution was determined as part of the December 31, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 1.0% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 0.0% to 13.0% per year, depending on age, attributable to seniority/merit. Although no specific price inflation assumption is used for this valuation, the 4.5% long-term wage inflation assumption would be consistent with a price inflation of 3% to 4%. The actuarial value of MERS assets was determined based on a 10-year smoothed value of assets. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 the date of the latest actuarial valuation was 5 years.

Three-Year Trend Information			
Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2012	\$ 306,480	100%	\$ -
12/31/2013	386,460	100%	-
12/31/2014	484,104	100%	-

The schedule of employer contributions, presented as required supplementary information (RSI) following the notes to the financial statements, presents trend information about the amounts contributed to the plan by employers in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Funded Status and Funding Progress. As of December 31, 2014, the most recent actuarial valuation date, the plan was 65.8 percent funded. The actuarial accrued liability for benefits was \$9,475,876, and the actuarial value of assets was \$6,236,384, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,239,492. The covered payroll (annual payroll of active employees covered by the plan) was \$226,661 and the ratio of the UAAL to the covered payroll was 1,429 percent.

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

14. DEFINED CONTRIBUTION PLAN

Primary Government

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

The plan is administered by MERS. Plan provisions and contribution requirements were established and can only be amended by authorization of the County Commission. In 2014, 382 employees participated and the County contributed \$1,507,371 and the employees contributed \$503,494.

Road Commission

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

During 2014, the Road Commission contributed \$177,814 and employees contributed \$39,991.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

15. OTHER POSTEMPLOYMENT BENEFITS

Primary Government (excluding the Grand Traverse Pavilions)

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

Plan Membership. As of December 31, 2012, the date of the most recent actuarial valuation, the plan had 112 retirees and beneficiaries currently receiving benefits and 251 active participants.

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

Annual OPEB Cost and Net OPEB Obligation. The County's annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and the County's net OPEB obligation to the Retiree Health Plan at December 31, 2014:

Annual required contribution	\$ 476,032
Interest on net OPEB obligation	65,753
Adjustment to annual required contribution	(65,753)
Annual OPEB cost	<u>476,032</u>
Contributions made	<u>(72,016)</u>
Increase in net OPEB obligation	404,016
Net OPEB obligation, beginning of year	<u>1,643,816</u>
Net OPEB obligation, end of year	<u><u>\$ 2,047,832</u></u>

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the previous two years was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 401,167	16.3%	\$ 1,306,211
12/31/2013	397,552	15.2%	1,643,816
12/31/2014	476,032	15.1%	2,047,832

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

Funded Status and Funding Progress - As of December 31, 2012, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$7,322,566, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,322,566. The covered payroll (annual payroll of active employees covered by the plan) was \$11,680,068, and the ratio of the UAAL to the covered payroll was 62.7%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2012 actuarial valuation, the individual entry-age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend inflation rate of 9% initially, reduced by decrements to an ultimate rate of 4.0% after 10 years. The UAAL is being amortized as a level percentage of projected payroll if the divisions are open to new hires, and as a level dollar if the divisions are closed to new hires. The remaining amortization period at December 31, 2012 was 26 years.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

	Governmental Activities
Legislative	\$ 97
Judicial	8,121
General government	4,540
Public safety	248,578
Health and welfare	214,203
Recreation and culture	493
Total governmental activities OPEB expense	<u>\$ 476,032</u>

Grand Traverse Pavilions

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

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

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

Annual OPEB Cost and Net OPEB Obligation. The Pavilions' annual OPEB cost is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Pavilions' annual OPEB cost for the year, the amount actually contributed to the plan, and the Pavilions' net OPEB obligation to the Plan at December 31, 2014:

Annual required contribution	\$ 408,138
Interest on net OPEB obligation	13,514
Adjustment to annual required contribution	(15,394)
Annual OPEB cost	<u>406,258</u>
Contributions made	<u>(58,234)</u>
Increase in net OPEB obligation	348,024
Net OPEB obligation, beginning of year	<u>337,862</u>
Net OPEB obligation, end of year	<u>\$ 685,886</u>

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

The Pavilions' annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the previous year was as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 396,359	14.8%	\$ 337,862
12/31/2014	406,258	14.3%	685,886

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

Funded Status and Funding Progress - As of January 1, 2014, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$4,720,079, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,720,079. The covered payroll (annual payroll of active employees covered by the plan) was \$14,652,011, and the ratio of the UAAL to the covered payroll was 32.2%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

Road Commission

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

Plan Membership. As of December 31, 2014, the date of the most recent actuarial valuation, the plan had 52 retirees and beneficiaries currently receiving benefits and 46 total plan participants.

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

Annual OPEB Cost and Net OPEB Obligation. For 2014, the components of the Road Commission's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the Plan, and changes in the Road Commission's net OPEB obligation to the Plan are as follows:

Annual required contribution	\$ 254,401
Interest on net OPEB obligation	99,647
Adjustment to annual required contribution	(157,104)
Annual OPEB cost	196,944
Contributions made	(171,300)
Increase in net OPEB obligation	25,644
Net OPEB obligation, beginning of year	2,491,184
Net OPEB obligation, end of year	\$ 2,516,828

The Road Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014, was as follows:

Years Ended December 31,	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2012	\$ 542,351	\$ 158,063	23.6%	\$ 2,056,716
12/31/2013	593,776	159,308	26.8%	2,491,184
12/31/2014	196,944	171,300	87.0%	2,516,828

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

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

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

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

16. CONTINGENCIES AND COMMITMENTS

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

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

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

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

17. RELATED PARTY TRANSACTIONS

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

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

The Foundation's Board of Directors is appointed by the Grand Traverse Pavilions' Board of Directors. During 2014, Pavilions paid operating expenses on behalf of the Foundation for which Pavilions is reimbursed. There is no balance due to Pavilions at December 31, 2014.

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

18. FUND BALANCES - GOVERNMENTAL FUNDS

Fund balances of governmental funds were comprised as follows at December 31, 2014:

	General Fund	Commission on Aging	CDBG	Health Department	LaFranier DPW	Nonmajor Governmental	Total
Nonspendable							
Prepaid items	\$ 55,801	\$ 11,470	\$ -	\$ 8,362	\$ -	\$ 11,985	\$ 87,618
Long-term advances	2,755,494	-	-	-	-	-	2,755,494
Total nonspendable	2,811,295	11,470	-	8,362	-	11,985	2,843,112
Restricted							
Commission on Aging	-	1,949,873	-	-	-	-	1,949,873
CDBG	-	-	56,048	-	-	-	56,048
Health Department	-	-	-	213,134	-	-	213,134
Veterans' Trust	-	-	-	-	-	5,898	5,898
ROD Automation	-	-	-	-	-	261,708	261,708
County Law Library	-	-	-	-	-	9,710	9,710
Criminal Justice Training	-	-	-	-	-	21,250	21,250
Housing Trust	-	-	-	-	-	107,913	107,913
EDC	-	-	-	-	-	220,368	220,368
Revenue Sharing Reserve	-	-	-	-	-	563,913	563,913
Health Services	-	-	-	-	-	1,163	1,163
Total restricted	-	1,949,873	56,048	213,134	-	1,191,923	3,410,978
Committed							
Health Department	-	-	-	1,407,275	-	-	1,407,275
13th Circuit Court	-	-	-	-	-	20,370	20,370
Local Crime Victims Rights	-	-	-	-	-	12,923	12,923
86th District Court	-	-	-	-	-	888	888
County Special Projects	-	-	-	-	-	27,323	27,323
Parks and Recreation	-	-	-	-	-	148,936	148,936
Maple Bay Development	-	-	-	-	-	9,687	9,687
Friend of the Court	-	-	-	-	-	1,306,312	1,306,312
Gypsy Moth Suppression	-	-	-	-	-	626	626
Corrections P.A. 511	-	-	-	-	-	346,832	346,832
Federal Equitable Sharing	-	-	-	-	-	6,297	6,297
Mitchell Creek Watershed	-	-	-	-	-	8,155	8,155
Next Michigan	-	-	-	-	-	9,626	9,626
Corrections Officers Training	-	-	-	-	-	34,139	34,139
Capital projects	-	-	-	-	-	618,378	618,378
Total committed	-	-	-	1,407,275	-	2,550,492	3,957,767
Assigned							
Subsequent year's expenditures	705,645	-	-	-	-	-	705,645
Unassigned (deficit)	5,421,120	-	-	-	(1,320,000)	(915,000)	3,186,120
Total fund balances, governmental funds	\$ 8,938,060	\$ 1,961,343	\$ 56,048	\$ 1,628,771	\$ (1,320,000)	\$ 2,839,400	\$14,103,622

GRAND TRAVERSE COUNTY, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of December 31, 2014, was as follows:

	Governmental Activities	Business-type Activities	Component Units
Capital assets:			
Capital assets not being depreciated	\$ 15,639,877	\$ 1,851,946	\$ 28,573,688
Capital assets being depreciated, net	28,993,264	21,583,029	50,709,262
	<u>44,633,141</u>	<u>23,434,975</u>	<u>79,282,950</u>
Related debt:			
Bonds payable	(9,935,000)	(6,010,000)	(1,803,927)
Notes payable	-	-	(2,947,000)
Bond premiums and discounts, net	42,600	(31,171)	-
Deferred loss on refunding	-	265,653	-
	<u>(9,892,400)</u>	<u>(5,775,518)</u>	<u>(4,750,927)</u>
Net investment in capital assets	<u>\$ 34,740,741</u>	<u>\$ 17,659,457</u>	<u>\$ 74,532,023</u>

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**EXHIBIT C
TOWNSHIP OF BLAIR
GENERAL AND ECONOMIC INFORMATION**

POPULATION

2010 U.S. Census - 8,209	1990 U.S. Census - 5,249
2000 U.S. Census - 6,448	1980 U.S. Census - 4,613

EMPLOYMENT STATISTICS (as reported by MLMI)
(For the County of Grand Traverse)

	<u>June</u> <u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Work force	50,689	47,880	47,268	46,582	45,830	47,025	48,330
Unemployment	2,276	2,831	3,619	3,716	4,388	5,532	5,722
% Unemployed	4.5%	5.9%	7.7%	8.0%	9.6%	11.8%	11.8%

LARGEST TAXPAYERS

<u>10 Largest Taxpayers</u>	<u>2015</u> <u>Taxable Valuation</u>
METC LLC	\$3,946,100
Menards Inc.	\$3,119,018
Cherryland Electric Coop	\$3,090,010
Wuerfel Sports Dev. LLC.	\$1,701,901
DTE Gas Company	\$1,388,400
H. Cox & Son Inc.	\$1,250,600
Rice, Timothy F.	\$1,119,540
PRO Build Real Es. Holdings	\$1,079,643
Walgreen Company-Store #10186	\$ 925,550
Rieth Riley Construction Co Inc	\$ 867,944
TOTAL (represents 7.3% of 2015 TV)	<u>\$18,488,706</u>

EMPLOYMENT CHARACTERISTICS

<u>10 Largest Employers</u>	<u>Product/Service</u>	<u>Number</u> <u>Employed</u>
Menards	Retail	172
Rieth Riley Excavating	Excavating/Paving	100
H. Cox & Son	Distributor	75
Great Lakes Stainless	Manufacturing	60
Molon Excavating	Excavating	60
Family Fare	Retail	58
Bloxsom Enterprises	Roofing/Siding	26
ABI Mechanical	Contractors	22
Alpers Excavating	Excavating	20
PDM Industries	Manufacturing	15

TOWNSHIP TAX RATES & LEVIES

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Township Operating	.825	.825	.825	.825	.825
Ambulance	1.500	1.500	1.500	1.500	1.500
Fire	2.500	2.500	2.500	2.500	2.500
TOTAL TOWNSHIP	4.825	4.825	4.825	4.825	4.825

The Township's authorized operating tax rate is 1 mill.

TAX COLLECTION RECORD

The Township taxes are due and payable and a lien created upon the assessed property on July 1 and December 1 each year. Taxes remaining unpaid on the following March 1st are turned over to the County Treasurer for collection. The County pays the Township 100% of the uncollected taxes by May 15th of each year.

Uncollected personal property taxes are ineligible.

Fiscal Year - July 1/June 30

<u>Year</u>	<u>Tax Levy</u>	<u>Collected</u> <u>Amount</u>	<u>% Collected</u>	<u>%</u>
2015	\$8,819,997.89	Not Yet Available		100%
2014	\$8,981,633.90	\$8,320,997.40	92.64%	100%
2013	\$8,795,012.18	\$7,902,084.59	89.84%	100%
2012	\$8,437,440.70	\$7,689,681.55	91.13%	100%
2011	\$8,647,337.23	\$7,783,390.15	90.00%	100%
2010	\$8,967,399.49	\$7,894,283.43	88.03%	100%

PROPERTY SUBJECT TO TAXATION

The laws governing the taxation of real and personal property in the State of Michigan has been established by The General Property Tax Act, being Public Act 206 of 1893, as amended. Section 211.1 states: "That all property, real and personal, within the jurisdiction of the state, not expressly exempted, shall be subject to taxation."

The State Constitution limits the proportion of true cash value at which property can be uniformly assessed to 50% or less. By statute, the State legislature has provided that the property shall be assessed at 50% of its true cash value. The State legislature or the electorate may at some future time reduce the percentage below the 50% of true cash value.

Responsibility for assessing local taxable property rests with the assessing officers of townships and cities. Any property owner may appeal his, her or its assessment to the local

Board of Review and ultimately to the Michigan State Tax Tribunal.

On March 15, 1994, the electors of the State approved an amendment to the Michigan Constitution permitting the Legislature to authorize ad valorem taxes on a non-uniform basis. The legislation implementing this constitutional amendment added a new measure of property value known as "Taxable Value." Beginning in 1995, taxable property will have two valuations - State equalized valuation ("SEV") and Taxable Value. Property taxes will be levied on Taxable Value. Generally, Taxable Value of property is the lesser of (a) the Taxable Value of the property in the immediate preceding year, adjusted for losses, multiplied by the lesser of the net percentage change in the property's SEV, or the inflation rate, or 5%, plus additions, or (b) the property's current SEV. Under certain circumstances, therefore Taxable Value of property may be different from the same property's SEV.

This constitutional amendment and the implementing legislation base the Taxable Value of existing property for the year 1995 on the SEV of that property in 1994 and for the years 1996 and thereafter on the Taxable Value of the property in the preceding year. Beginning with the taxes levied in 1995, an increase, if any, in Taxable Value of the property is limited to the lesser of the percentage net change in SEV from the preceding year to the current year, 5% or the inflation rate. When property is sold or transferred, Taxable Value is adjusted to the SEV, which under existing law is 50% of the current true cash value. The Taxable Value of new construction is equal to current SEV. Taxable Value and SEV of existing property are also adjusted annually for additions and losses.

The State Constitution also mandates a system of equalization for assessments. Although the assessors for each local unit of government are responsible for actually assessing at 50% of true cash value, adjusted for Taxable Value purposes, the final SEV and Taxable Value are arrived at through several steps. Assessments are established initially by the municipal assessor. Municipal assessments are then equalized to the 50% levels as determined by the County's Department of Equalization. Thereafter, the State equalizes the various counties in relation to each other. SEV is important aside from its use in determining Taxable Value for the purpose of levying ad valorem property taxes, because of its role in the spreading of taxes between overlapping jurisdictions, the distribution of various State aid programs, State revenue sharing and in the calculation of debt limits.

STATE EQUALIZED VALUATION

(50% of True Value)

2015 -	\$294,749,825
2014 -	\$288,190,939
2013 -	\$280,519,406
2012 -	\$269,114,109
2011 -	\$281,849,932
2010 -	\$305,157,174

TAXABLE VALUATION

2015 -	\$252,331,426
2014 -	\$246,940,995
2013 -	\$242,186,352
2012 -	\$236,681,520
2011 -	\$245,037,507
2010 -	\$250,553,256

Per Capita TV (15) \$30,738

2015 TV Breakdown by Use

Residential	73.25%
Commercial	18.12
Industrial	0.99
Personal Property	6.80
Agricultural	0.84
TOTAL	<u>100.00%</u>

2015 TV Breakdown by Class

Real	93.20%
Personal	6.80%
TOTAL	<u>100.00%</u>

REVENUES FROM THE STATE OF MICHIGAN

Revenue Sharing

The Township receives revenue sharing payments from the State under the State Constitution and the State Revenue Sharing Act of 1971, as amended. The State Legislature may change or eliminate revenue sharing at any time. The table appearing below show's State revenue sharing distributions received by the Township during the Township's past five fiscal years.

<u>Fiscal Year Ended</u>	<u>Revenue Sharing Payments</u>
June 30, 2015	\$645,675.00
June 30, 2014	\$612,121.00
June 30, 2013	\$597,536.00
June 30, 2012	\$592,623.00
June 30, 2011	\$522,196.00

GENERAL FUND REVENUES AND EXPENDITURES

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues & Transfers In	\$1,069,641	\$1,035,652	\$ 958,517
Expenses & Transfers Out	<u>728,632</u>	<u>853,223</u>	<u>682,584</u>
Revenues Over(Under)			
Expense	\$ 341,009	\$ 182,429	\$ 275,933
Beginning Balance	\$1,881,815	\$1,699,386	\$1,307,860
Ending Balance	\$2,222,824	\$1,881,815	\$1,583,793

FUTURE FINANCING

The Township does not anticipate the issuance of any additional bonds within the next three months.

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TOWNSHIP OF BLAIR
DEBT STATEMENT - SEPTEMBER 1, 2015
(including this offering)

DIRECT DEBT OF TOWNSHIP:

Share of County Issued Water Bonds	\$3,460,000
Share of County Issued Sewer Bonds	3,130,000
Township Issued Water Revenue Bonds	2,550,000

Total	\$9,140,000
Less: Township Issued Water Revenue Bonds	2,550,000

Net Township Direct Debt	\$6,590,000
	=====
Per Capita Township Net Direct Debt	\$802.78
Percent Township Net Direct Debt to 2015 TV	2.61%

OVERLAPPING DEBT OF TOWNSHIP:

School District		
5.97% Kingsley	2,370,000	\$141,489
5.44% Traverse City	67,080,000	3,649,152
County		
5.54% Grand Traverse	15,480,000	857,592
Intermediate School District		
2.42% Traverse Bay Area I/S/D	0	0
Community College		
5.54% Northwestern Community College	15,290,000	847,066
Library		
5.51% Traverse Area District Library	1,245,000	68,600

Net Overlapping Debt		\$5,563,899

Net Township and Overlapping Debt		\$12,153,899
		=====
Per Capita Township Net Direct and Overlapping Debt		\$1,480.56
Percent Net Direct and Overlapping Debt to 2015 TV		4.82%

Source: Township of Blair and
Municipal Advisory Council of Michigan

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TOWNSHIP OF BLAIR
 BONDS WITH TOWNSHIP CREDIT PLEDGED
 (as of September 1, 2015)
 (including this offering)

Year	Share County Issued Sewer Bonds	Share County Issued Water Bonds	Total
2015	\$ 300,000	\$ 375,000	675,000
2016	275,000	370,000	645,000
2017	270,000	365,000	635,000
2018	260,000	410,000	670,000
2019	280,000	410,000	690,000
2020	300,000	405,000	705,000
2021	290,000	400,000	690,000
2022	280,000	395,000	675,000
2023	300,000	330,000	630,000
2024	290,000		290,000
2025	285,000		285,000
Total	\$ 3,130,000	\$3,460,000	\$ 6,590,000

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EXHIBIT D

FOR THE FINANCIAL INFORMATION REGARDING:

THE TOWNSHIP OF BLAIR

PLEASE CONTACT MEREDITH SHANLE AT
313-884-9824 OR
merediths@mfcf.com

EXHIBIT E

_____, 2015

COUNTY OF GRAND TRAVERSE
Traverse City, Michigan

We have acted as bond counsel and have examined the law and such certified proceedings of the County of Grand Traverse, Michigan (the "County"), and other documents as we deemed necessary to render this opinion in connection with the issuance by the County of its \$2,830,000* aggregate principal amount Grand Traverse County - Blair Township Sewer System Improvement Project Refunding Bonds, Series 2015 dated October 1, 2015 (the "Refunding Bonds"). The Refunding Bonds are being issued under and pursuant to the Constitution and statutes of the State of Michigan and in particular Act No. 34, Public Acts of Michigan, 2001, as amended (the "Act"), for the purpose of refunding part of the outstanding Grand Traverse County - Blair Township Sewer System Improvement Project Bonds, Series 2005 maturing in the years 2016 through 2025 (the "Refunded Bonds"). Said Refunded Bonds were issued in anticipation of the receipt of certain contractual payments (the "Payments") pursuant to a Contract dated September 1, 2005 between the Township of Blair (the "Township") and the County (the "Contract") to defray the cost of constructing a sewer system improvement project in the Township.

In so acting, we have examined one executed and authenticated bond. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. We have not been engaged nor have we undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any other offering material relating to the Refunding Bonds (except to the extent, if any, stated in the Official Statement), and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

*Subject to adjustment.

COUNTY OF GRAND TRAVERSE

_____, 2015

Page Two

Based on such examination, we are of the opinion, as of the date hereof and under existing law:

1. The Bond Resolution has been duly adopted by the Board of Commissioners of the County.

2. The Contract is a valid and binding upon the parties thereto and the Refunding Bonds are valid and binding obligations of the County, payable as to both principal and interest solely from the Payments. In addition, the limited tax full faith and credit pledge of the County is also pledged for the payment of the Refunding Bonds and the interest thereon, and in the event of insufficiency of the payments under the Contract, the County is required to pay the amount of deficiency out of its general funds or, if necessary, to levy taxes for such purpose on all taxable property within its boundaries subject to constitutional and statutory tax limitations.

3. Under existing statutes, regulations, rulings and court decisions as currently interpreted, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. However, it should be noted that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. This opinion is subject to the condition that the County comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Refunding Bonds in order that interest thereon be (or continue to be) excluded from gross income for federal income tax purposes. Such requirements include filing certain returns with the United States Internal Revenue Service and rebating to the United States certain investment earnings unless certain conditions are met. Failure to comply with such requirements could cause the interest on the Refunding Bonds to be so included in gross income retroactive to the date of issuance of the Refunding Bonds. The County has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Refunding Bonds and the interest thereon.

COUNTY OF GRAND TRAVERSE

_____, 2015

Page Three

4. In addition, the Refunding Bonds and the interest thereon are exempt from taxation presently in effect in the State of Michigan, except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

5. The Refunding Bonds have been designated by the County as "qualified tax-exempt obligations" for purposes of Section 265 (b) (3) of the Code.

The rights of holders of the Refunding Bonds may be affected by bankruptcy, reorganization, moratorium, receivership or other similar laws affecting the enforceability of creditors' rights now existing or hereafter enacted to the extent constitutionally applicable, and the enforcement of such rights may be subject to the exercise of judicial discretion in appropriate cases.

AXE & ECKLUND, P.C.

By _____

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EXHIBIT F
OFFICIAL REQUEST FOR PROPOSAL
\$2,830,000*
COUNTY OF GRAND TRAVERSE
STATE OF MICHIGAN
GRAND TRAVERSE COUNTY - BLAIR TOWNSHIP SEWER SYSTEM IMPROVEMENT
PROJECT REFUNDING BONDS, SERIES 2015

SEALED OR ELECTRONIC PROPOSALS: Sealed written proposals for the purchase of the Refunding Bonds described herein (the "Refunding Bonds") will be received by the undersigned, on behalf of the County of Grand Traverse Department of Public Works (the "County"), at the office of the County Finance Director, County Governmental Center, 400 Boardman Avenue, Traverse City, Michigan 49685 on September 24, 2015, until 11:00 a.m., Eastern Daylight Savings Time, at which time and place the proposals will be publicly opened and read.

In the alternative, sealed written proposals In the alternative, sealed proposals will also be received on the same date and until the same time by an agent of the undersigned at the office of the Municipal Advisory Council of Michigan, Buhl Building, 535 Griswold, Suite 1850, Detroit, Michigan 48226, where they will be publicly opened simultaneously. Proposals received at Traverse City, Michigan will be read first followed by the proposals received at the alternate location. Proposers may choose either location to present proposals and good faith checks, but not both locations.

Any proposer may submit a proposal in person to either proposing location. However, no proposer is authorized to submit a FAX proposal to Traverse City, Michigan.

Also in the alternative, electronic proposals will also be received on the same date and until the same time by an agent of the undersigned Bidcomp/Parity. Further information about Bidcomp/Parity, including any fee charged, may be obtained from Bidcomp/Parity, Eric Washington, 1359 Broadway, 2nd Floor, New York, NY, 10018, (212) 849-5021.

If any provision of this Request for Proposal shall conflict with information provided by Bidcomp/Parity as the approved provider of electronic proposing services, this Request for Proposal shall control.

The Refunding Bonds will be awarded or all proposals will be rejected by the County Finance Director at a proceeding to be held within twenty-four hours of the sale.

* Subject to adjustment.

BOND DETAILS: The Refunding Bonds will be fully registered Refunding Bonds, both as to principal and interest, in any one or more denominations of \$5,000 or a multiple of \$5,000, not exceeding the aggregate principal amount for each maturity, dated October 1, 2015, numbered from 1 upwards and will bear interest from their date of issuance payable on May 1, 2016 and semiannually thereafter on each November 1 and May 1 and until maturity. The Refunding Bonds will mature on November 1 of each year as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
2016	\$275,000	2020	\$300,000	2023	\$300,000
2017	270,000	2021	290,000	2024	290,000
2018	260,000	2022	280,000	2025	285,000
2019	280,000				

PRIOR REDEMPTION: The Refunding Bonds maturing prior to November 1, 2024 shall not be subject to redemption prior to maturity. Refunding Bonds maturing on or after November 1, 2024 shall be subject to redemption prior to maturity at the option of the Township, in any order, in whole or in part on any date on or after November 1, 2023. Refunding Bonds called for redemption shall be redeemed at par, plus accrued interest to the date fixed for redemption.

With respect to partial redemptions, any portion of a refunding bond outstanding in a denomination larger than the minimum authorized denomination may be redeemed provided such portion as well as the amount not being redeemed each constitute an authorized denomination. In the event that less than the entire principal amount of a refunding bond is called for redemption, upon surrender of the Refunding Bond to the bond registrar, the bond registrar shall authenticate and deliver to the registered owner of the Refunding Bond a new refunding bond in the principal amount of the principal portion not redeemed.

Notice of redemption shall be sent to the registered holder of each refunding bond being redeemed by first class mail at least thirty (30) days prior to the date fixed for redemption, which notice shall fix the date of record with respect to the redemption if different than otherwise provided in the resolution authorizing the issuance of the refunding bonds. Any defect in such notice shall not affect the validity of the redemption proceedings. Refunding Bonds so called for redemption shall not bear interest after the redemption date, provided funds are on hand with the bond registrar to redeem the same.

INTEREST RATE AND PROPOSING DETAILS: The Refunding Bonds shall bear interest at a rate or rates not exceeding 6% per annum, to be fixed by the proposals therefor, expressed in multiples of 1/8 or 1/20 of 1%, or both. The interest on any one Refunding Bond shall be at one rate only and all Refunding Bonds maturing in any one year must carry the same interest rate. THE INTEREST RATE BORNE BY BONDS MATURING IN ANY YEAR SHALL NOT BE AT A RATE LOWER

THAN THE RATE BORNE BY BONDS MATURING IN THE PRECEDING YEAR. No proposal for the purchase of less than all of the Refunding Bonds or at a price that is less than 98% of their par value will be considered.

TERM BOND OPTION: Refunding Bonds maturing in the years 2016-2025, inclusive, are eligible for designation by the original purchaser at the time of sale as serial bonds or term bonds, or both. There may be more than one term bond maturity. However, principal maturities designated as term bonds shall be subject to mandatory redemption, in part, by lot, at par and accrued interest on November 1st of the year in which the Refunding Bonds are presently scheduled to mature. Each maturity of term bonds and serial bonds must carry the same interest rate. Any such designation must be made at the time the proposals are submitted.

BOOK-ENTRY-ONLY: The Refunding Bonds will be issued in book-entry-only form as one fully-registered bond per maturity and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, ("DTC"), New York, New York. DTC will act as securities depository for the Refunding Bonds. Purchase of the Refunding Bonds will be made in book-entry-only form, in the denomination of \$5,000 or any multiple thereof. Purchasers will not receive certificates representing their interest in Refunding Bonds purchased. The book-entry-only system is described further in the nearly final official statement for the Refunding Bonds.

BOND REGISTRAR, PAYING AGENT AND DATE OF RECORD: The Huntington National Bank, Grand Rapids, Michigan has been selected as bond registrar and paying agent (the "Bond Registrar") for the Refunding Bonds. The Bond Registrar will keep records of the registered holders of the Refunding Bonds, serve as transfer agent for the Refunding Bonds, authenticate the original and any re-issued Refunding Bonds and pay interest by check or draft mailed to the registered holders of the Refunding Bonds as shown on the registration books of the County kept by the Bond Registrar on the applicable date of record. The date of record for each interest payment shall be the 15th day of the month before such payment is due. The principal of and redemption premium, if any, on the Refunding Bonds will be paid when due upon presentation and surrender thereof to the Bond Registrar. As long as DTC, or its nominee Cede & Co., is the registered owner of the Refunding Bonds, payments will be made directly to such registered owner. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Refunding Bonds is the responsibility of DTC participants and indirect participants as described in the nearly final official statement for the Refunding Bonds. The County may from time to time as required designate a successor bond registrar and paying agent.

PURPOSE AND SECURITY: The Refunding Bonds are being issued pursuant to Act No. 34, Public Acts of Michigan, 2001, as amended

("Act 34"); and a Resolution adopted the County Board of Commissioners for the purpose of refunding part of the outstanding Grand Traverse County - Blair Township Sewer System Improvement Project Bonds, Series 2005 maturing in the years 2016 through 2025 in the amount of \$3,400,000 which is outstanding and being refunded (the "Refunded Bonds"). The Refunding Bonds are to be issued in anticipation of, and are primarily payable from, moneys to be received by the County from the Township of Blair located in Grand Traverse County (the "Township") pursuant to a Contract dated September 1, 2005 between the County and the Township (the "Contract"). The County has irrevocably pledged to the payment of said Refunding Bonds the total contractual payments, which payments are payable at such times and are established in such amounts as are required to pay the entire principal of and interest on the Refunding Bonds promptly when due. As additional and secondary security for the payment of the Refunding Bonds and the interest thereon, the County and the Township, as authorized by law, have pledged their limited tax full faith and credit for the prompt and timely payment thereof, and, to the extent necessary, is obligated by law to levy ad valorem taxes. The ability of the County and the Township to raise funds with which to meet such full faith and credit pledge is subject to statutory, constitutional and charter tax limitations.

ESCROW AGENT: Proceeds from the Refunding Bonds will be transferred to The Huntington National Bank, Grand Rapids, Michigan as escrow agent (the "Escrow Agent") under an escrow agreement (the "Agreement"), who will use such proceeds to acquire investment obligations sufficient to pay principal of, premium, if any, and interest on the Refunded Bonds when due or upon the first permissible redemption date for the Refunded Bonds.

ADJUSTMENT IN PRINCIPAL AMOUNT: The aggregate principal amount of this issue has been determined as the amount necessary to retire the Refunded Bonds and pay a portion or all of the costs of issuance of the Refunding Bonds, assuming certain conditions and events exist on the date of sale. Following receipt of proposals and prior to final award, the County reserves the right to increase or decrease the aggregate principal amount of the issue by any amount. The increase or decrease will be in increments of \$5,000 and may be made in any maturity or maturities. The purchase price will be adjusted proportionately to the reduction in issue size, but the interest rates specified by the successful proposer for all maturities will not change. In the case of a proposal with a premium, the aggregate amount of the Refunding Bonds will generally be reduced by at least the amount of the premium offered. The successful proposer may not withdraw the proposal as a result of any changes made within these limits.

If no proposal results acceptable to the County when the proceeds are used to provide for the refunding of the Refunded

Bonds, the County may reject all proposals and negotiate with one or more of the proposers for the sale of the Refunding Bonds on terms which will be acceptable to the County.

ADJUSTMENT IN DISCOUNT OR PREMIUM: In the event the principal amount of this issue is increased or decreased, the discount or premium proposal, if any, will be adjusted so that it is the same percent as the discount or premium originally proposed.

BOND INSURANCE AT PURCHASER'S OPTION: If the Refunding Bonds qualify for issuance of any policy of municipal bond insurance or commitment therefor at the option of the proposer/purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the option and expense of the purchaser of the Refunding Bonds. Any increased costs of issuance of the Refunding Bonds resulting from such purchase of insurance shall be paid by the purchaser. Any additional rating agency fees shall be the responsibility of the purchaser. FAILURE OF THE MUNICIPAL BOND INSURER TO ISSUE THE POLICY AFTER THE REFUNDING BONDS HAVE BEEN AWARDED TO THE PURCHASER SHALL NOT CONSTITUTE CAUSE FOR FAILURE OR REFUSAL BY THE PURCHASER TO ACCEPT DELIVERY OF THE REFUNDING BONDS FROM THE COUNTY.

GOOD FAITH: A certified or cashier's check drawn upon an incorporated bank or trust company or a wire transfer in an amount equal to 2% (\$56,600) of the face amount of the Refunding Bonds, and payable to the order of the County will be required of the successful proposer as a guarantee of good faith on the part of the proposer, to be forfeited as liquidated damages if such proposal be accepted and the proposer fails to take up and pay for the Refunding Bonds. If a check is used, it must accompany each proposal. If a wire transfer is used, the successful proposer is required to wire the good faith deposit not later than Noon, prevailing Eastern Time, on the next business day following the sale using the wire instructions provided by Municipal Financial Consultants Incorporated. The good faith deposit will be applied to the purchase price of the Refunding Bonds. No interest shall be allowed on the good faith checks, and checks of each unsuccessful proposer will be promptly returned to such proposer's representative or by registered mail. The good faith check of the successful proposer will be cashed immediately, in which event, payment of the balance of the purchase price of the Refunding Bonds shall be made at the closing.

AWARD OF THE REFUNDING BONDS - TRUE INTEREST COST: The Refunding Bonds will be awarded to the proposer whose proposal produces the lowest true interest cost determined in the following manner: the lowest true interest cost will be the single interest rate (compounded on May 1, 2016 and semi-annually thereafter) necessary to discount the debt service payments from their respective payment dates to October 1, 2015 in an amount equal to the price proposed, excluding accrued interest. October 14, 2015 is the anticipated date of delivery of the Refunding Bonds.

LEGAL OPINION: Proposals shall be conditioned upon the approving opinion of Axe & Ecklund, P.C., Grosse Pointe Farms, Michigan (the "Bond Counsel"), a copy of which will be printed on the reverse side of each bond and the original of which will be furnished without expense to the purchaser of the Refunding Bonds at the delivery thereof. The fees of Bond Counsel for its services in connection with such approving opinion are expected to be paid from bond proceeds. Except to the extent necessary to issue such opinion and as described in the official statement, Bond Counsel has not been requested to examine or review, and has not examined or reviewed, any financial documents, statements or other materials that have been or may be furnished in connection with the authorization, marketing or issuance of the Refunding Bonds and, therefore, has not expressed and will not express an opinion with respect to the accuracy or completeness of the official statement or any such financial documents, statements or materials.

TAX MATTERS: In the opinion of Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Refunding Bonds is excluded from gross income for federal income tax purposes, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, the Refunding Bonds and the interest thereon are exempt from all taxation in the State of Michigan except inheritance and estate taxes and taxes on gains realized from the sale, payment or other disposition thereof.

THE REFUNDING BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" WITHIN THE MEANING OF SECTION 265 (b)(3) OF THE INTERNAL REVENUE CODE OF 1986.

CERTIFICATE REGARDING "ISSUE PRICE": The Purchaser will be required, as a condition of delivery of the Refunding Bonds, to certify the "issue price" of the Refunding Bonds within the meaning of Section 1273 of the Code, which will include a representation at least 10 percent of each maturity of the Refunding Bonds has been sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at a price not exceeding the stated initial offering price. In addition, if the successful proposer will obtain a municipal bond insurance policy or other credit enhancement for the Refunding Bonds in connection with their original issuance, the successful proposer will be required, as a condition of delivery of the Refunding Bonds, to certify that the premium therefor will be less than the present value of the interest expected to be saved as a result of such insurance or other credit enhancement. The form of an acceptable certificate will be provided by bond counsel.

DELIVERY OF BONDS: The County will furnish Refunding Bonds ready for execution at its expense. Refunding Bonds will be delivered without expense to the purchaser. The usual closing documents, including a certificate that no litigation is pending affecting the issuance of the Refunding Bonds, will be delivered at the time of delivery of the Refunding Bonds. If the Refunding Bonds are not tendered for delivery by twelve o'clock noon, Eastern Time, on the 45th day following the date of sale or the first business day thereafter if the 45th day is not a business day, the successful proposer may on that day, or any time thereafter until delivery of the Refunding Bonds, withdraw its proposal by serving written notice of cancellation on the undersigned, in which event the County shall promptly return the good faith deposit. Payment for the Refunding Bonds shall be made in Federal Reserve Funds. Accrued interest to the date of delivery of the Refunding Bonds shall be paid by the purchaser at the time of delivery.

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE: If necessary, in order to assist proposers in complying with SEC Rule 15c2-12, as amended, the County and the Township will covenant to undertake (pursuant to resolutions adopted or to be adopted by their governing boards), to provide annual reports and timely notice of certain events for the benefit of beneficial owners of the Refunding Bonds. The details and terms of the undertaking are set forth in a Continuing Disclosure Certificate to be executed and delivered by the County and the Township, a form of which is included in the nearly final official statement and in the final official statement.

OFFICIAL STATEMENT:

Hard Copy

A copy of the nearly final official statement (the "Nearly Final Official Statement") may be obtained by contacting Municipal Financial Consultants Incorporated at the address listed below. The Nearly Final Official Statement is in a form deemed final as of its date by the County for purposes of SEC Rule 15c2-12(b)(1), but is subject to revision, amendment and completion of a final official statement (the "Final Official Statement"). The successful proposer shall supply to the County within twenty-four hours (24) after the award of the Refunding Bonds, all pricing information and any underwriter identification determined by Bond Counsel to be necessary to complete the Final Official Statement.

Internet

In addition, the County has authorized the preparation and distribution of a Nearly Final Official Statement containing information relating to the Refunding Bonds via the Internet.

The Nearly Final Official Statement can be viewed and downloaded at www.i-dealprospectus.com/PDF.asp?doc=68687 or at www.tm3.com.

The County will furnish to the successful proposer, at no cost, 100 copies of the Final Official Statement within seven (7) business days after the award of the Refunding Bonds. Additional copies will be supplied upon the proposer's agreement to pay the cost incurred by the County for those additional copies.

The County shall deliver, at closing, an executed certificate to the effect that as of the date of delivery the information contained in the Final Official Statement, including revisions, amendments and completions as necessary, relating to the County and the Refunding Bonds is true and correct in all material respects, and that such Final Official Statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make statements therein, in light of the circumstances under which they were made, not misleading.

CUSIP NUMBERS: It is anticipated that CUSIP numbers will be printed on the Refunding Bonds, but neither the failure to print such numbers nor any improperly printed number shall constitute cause for the purchaser to refuse to accept delivery of, or to pay for, the Refunding Bonds. All expenses for printing CUSIP numbers on the Refunding Bonds will be paid by the County, except that the CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and paid for by the purchaser.

PROPOSER CERTIFICATION: NOT "IRAN-LINKED BUSINESS:" By submitting a proposal, the proposer shall be deemed to have certified that it is not an "Iran-Linked Business" as defined in Act 17, Public Acts of Michigan, 2012; MCL 129.311 et seq.

ADDITIONAL INFORMATION: Further information may be obtained from the undersigned at the address specified above or from Meredith A. Shanle, Municipal Financial Consultants Incorporated, 21 Kercheval Avenue, Suite 360, Grosse Pointe Farms, Michigan 48236, telephone (313) 884-9824.

THE RIGHT IS RESERVED TO REJECT ANY OR ALL PROPOSALS.

ENVELOPES: Envelopes containing the proposals should be plainly marked "Proposal for the Grand Traverse County - Blair Township Sewer System Improvement Project Refunding Bonds, Series 2015."

**DEAN BOTT, COUNTY DIRECTOR OF FINANCE
OF THE COUNTY OF GRAND TRAVERSE**

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APPENDIX A

FORM OF CONTINUING DISCLOSURE CERTIFICATE

COUNTY OF GRAND TRAVERSE

\$_____

Grand Traverse County – Blair Township
Sewer System Improvement Project Refunding Bonds, Series 2015

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the County of Grand Traverse (the "County") in connection with the issuance of its \$_____ Grand Traverse County – Blair Townships Sewer System Improvement Project Refunding Bonds, Series 2015 (the "Bonds"). This Disclosure Certificate is being executed and delivered pursuant to a resolution adopted by the Board of Commissioners of the County on _____, ____ (the "Resolution"). The County covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the County for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the County and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the County shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the County, or any successor Dissemination Agent appointed in writing by the County and which has filed with the County a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement for the Bonds dated _____.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

SECTION 3. Provision of Annual Reports.

(a) Each year, the County shall provide, or shall cause the Dissemination Agent to provide, not later than nine months after the first day of the County's fiscal year, commencing with the County's Annual Report for the fiscal year ending December 31, 2014, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, the County's fiscal year commences January 1. Not later than fifteen (15) business days prior to said date, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the County are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements most recently prepared for the County shall be included in the Annual Report.

(b) If the County is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the County shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A.

(c) If the County's fiscal year changes, the County shall send written notice of such change to MSRB, in substantially the form attached as Exhibit B.

(d) If the Dissemination Agent is other than the County, the Dissemination Agent shall file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the County) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The County's Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the County for its fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the County of the same nature as that contained in the following tables in the Official Statement: "State Equalized Valuation," "Taxable Valuation," "Major Taxpayers," "Tax Rates and Levies," "Tax Collection Record," "General Fund Revenues and Expenditures," "Employment Characteristics," and "Debt Statement".

The County's financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The County shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The County covenants to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, if material, in a timely manner, but not to exceed 10 business days, and in accordance with the Rule:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall as soon as possible determine if such event would be material under applicable federal securities laws. The County covenants that its determination of materiality will be in conformance with federal securities laws.

(c) If the County determines that the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly cause a notice of such occurrence to be filed with the MSRB. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the County shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the County), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The County acknowledges that the "rating changes" referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the County is liable.

(f) The County acknowledges that it is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the County does not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA: All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds. If the County's obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with the Disclosure Certificate in the same manner as if it were the County, and the County shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the County (i) receives an opinion of Securities Counsel, addressed to the County, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 8. Dissemination Agent. The County, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Disseminating Agent. The initial Dissemination Agent shall be the County. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the County) shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. (a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) If the amendment relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(2) This Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the County shall describe such amendment or waiver in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the County, or the Dissemination Agent (if other than the County) at the written direction of the County, to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall

have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the County or the Dissemination Agent (if other than the County) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the County or the Dissemination Agent (if other than the County) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Resolution.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the County or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the County or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The County acknowledges and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the County, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the County under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

COUNTY OF GRAND TRAVERSE

By: _____

Its: _____

Date: _____

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EXHIBIT A

NOTICE TO
THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: County of Grand Traverse, Michigan

Name of Bond Issue: \$_____ Grand Traverse County – Blair Township
Sewer System Improvement Project Refunding Bonds, Series 2015

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by _____, _____.

COUNTY OF GRAND TRAVERSE

By: _____

Its: _____

Dated: _____, _____

EXHIBIT B

NOTICE TO
THE MSRB
OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: County of Grand Traverse, Michigan

Name of Bond Issue: \$_____ Grand Traverse County – Blair Township
Sewer System Improvement Project Refunding Bonds, Series 2015

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the Issuer's fiscal year ended on _____, _____. It now ends on _____, _____.

COUNTY OF GRAND TRAVERSE

By: _____

Its: _____

Dated: _____, _____

Las.cd-os-gra135

APPENDIX B

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CHARTER TOWNSHIP OF BLAIR AND TOWNSHIP OF PENINSULA

\$_____

Grand Traverse County – Blair Township
Sewer System Improvement Project Refunding Bonds, Series 2015

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Charter Township of Blair, State of Michigan (the "Township") in connection with the issuance by the County of Grand Traverse, (the "County") of its \$_____ Grand Traverse County – Blair Township Sewer System Improvement Project Refunding Bonds, Series 2015 (the "Bonds"). This Disclosure Certificate is being executed and delivered pursuant to a resolution approved by the Township Board of the Township on _____ (the "Resolution"). The Township covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Certificate.

(a) This Disclosure Certificate is being executed and delivered by the Township for the benefit of the Bondholders and the Beneficial Owners and in order to assist the Participating Underwriters in complying with subsection (b)(5) of the Rule.

(b) In consideration of the purchase and acceptance of any and all of the Bonds by those who shall hold the same or shall own beneficial ownership interests therein from time to time, this Disclosure Certificate shall be deemed to be and shall constitute a contract between the Township and the Bondholders and Beneficial Owners from time to time of the Bonds, and the covenants and agreements herein set forth to be performed on behalf of the Township shall be for the benefit of the Bondholders and Beneficial Owners of any and all of the Bonds.

SECTION 2. Definitions. The following capitalized terms shall have the following meanings in this Disclosure Certificate:

"Annual Report" shall mean any Annual Report provided by the Township pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the Township, or any successor Dissemination Agent appointed in writing by the Township and which has filed with the Township a written acceptance of such designation.

"EMMA" shall mean the Electronic Municipal Market Access system of the MSRB. As of the date of this Disclosure Certificate, the EMMA Internet Web site address is <http://www.emma.msrb.org>.

"GAAP" shall mean generally accepted accounting principles, as such principles are prescribed, in part, by the Financial Accounting Standards Board and modified by the Government Accounting Standards Board and in effect from time to time.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement for the Bonds dated _____.

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC pursuant to the 1934 Act, as the same may be amended from time to time, together with all interpretive guidances or other official interpretations or explanations thereof that are promulgated by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Counsel" shall mean legal counsel expert in federal securities law.

"State" shall mean the State of Michigan.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

SECTION 3. Provision of Annual Reports.

(a) Each year, the Township shall provide, or shall cause the Dissemination Agent to provide, not later than nine months after the first day of the Township' fiscal year, commencing with the Township' Annual Report for the fiscal year ending June 30, 2015 for the Township of Blair, to the MSRB an Annual Report for the preceding fiscal year which is consistent with the requirements of Section 4 of this Disclosure Certificate. Currently, the Township of Blair's fiscal year commences July 1. Not later than fifteen (15) business days prior to said date, the Township shall provide the Annual Report to the Dissemination Agent (if other than the Township). In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the Township are not available by the deadline for filing the Annual Report, they shall be provided when and if available, and unaudited financial statements in a format similar to the audited financial statements most recently prepared for the Township shall be included in the Annual Report.

(b) If the Township are unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Township shall send a notice, in a timely manner, to the MSRB in substantially the form attached as Exhibit A.

(c) If either of the Township' fiscal year changes, the Township shall send written notice of such change to MSRB, in substantially the form attached as Exhibit B.

(d) If the Dissemination Agent is other than the Township, the Dissemination Agent shall file a report with the Township certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided.

(f) In connection with providing the Annual Report, the Dissemination Agent (if other than the Township) is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the Annual Report for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

SECTION 4. Content of Annual Reports. The Township' Annual Report shall contain or incorporate by reference the following:

(a) The audited financial statements of the Township for their fiscal year immediately preceding the due date of the Annual Report.

(b) An update of the financial information and operating data relating to the Township of the same nature as that contained in the following tables in the Official Statement: "Major Taxpayers," "Top Ten Employers," "State Equalized Valuation," "Taxable Valuation," : "Township Tax Rates & Levies", "Tax Collection Record," "General Fund Revenues and Expenditures", and "Debt Statement".

The Township' financial statements shall be audited and prepared in accordance with GAAP with such changes as may be required from time to time in accordance with State law.

Any or all of the items listed above may be included by specific reference to other documents available to the public on the MSRB's Internet Web site or filed with the SEC. The Township shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The Township covenant to provide, or cause to be provided, notice of any of the following events with respect to the Bonds, if material, in a timely manner and in accordance with the Rule:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;

- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) modifications to rights of security holders, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the Township obtain knowledge of the occurrence of a Listed Event, the Township shall as soon as possible determine if such event would be material under applicable federal securities laws. The Township covenant that its determination of materiality will be in conformance with federal securities laws.

(c) If the Township determine that the occurrence of a Listed Event would be material under applicable federal securities laws, the Township shall promptly cause a notice of such occurrence to be filed with the MSRB. In connection with providing a notice of the occurrence of a Listed Event described in subsection (a)(9), the Township shall include in the notice explicit disclosure as to whether the Bonds have been escrowed to maturity or escrowed to call, as well as appropriate disclosure of the timing of maturity or call.

(d) In connection with providing a notice of the occurrence of a Listed Event, the Dissemination Agent (if other than the Township), solely in its capacity as such, is not obligated or responsible under this Disclosure Certificate to determine the sufficiency of the content of the notice for purposes of the Rule or any other state or federal securities law, rule, regulation or administrative order.

(e) The Township acknowledge that the "rating changes" referred to above in Section 5(a)(11) of this Disclosure Certificate may include, without limitation, any change in any rating on the Bonds or other indebtedness for which the Township are liable.

(f) The Township acknowledge that they is not required to provide a notice of a Listed Event with respect to credit enhancement when the credit enhancement is added after the primary offering of the Bonds, the Township do not apply for or participate in obtaining such credit enhancement, and such credit enhancement is not described in the Official Statement.

SECTION 6. Mandatory Electronic Filing with EMMA: All filings with the MSRB under this Disclosure Certificate shall be made by electronically transmitting such filings through the EMMA Dataport at <http://www.emma.msrb.org> as provided by the amendments to the Rule adopted by the SEC in Securities Exchange Act Release No. 59062 on December 5, 2008.

SECTION 7. Termination of Reporting Obligation.

(a) The Township' obligations under this Disclosure Certificate shall terminate upon the legal defeasance of the Resolution or the prior redemption or payment in full of all of the Bonds. If the Township' obligation to pay the principal of and interest on the Bonds is assumed in full by some other entity, such entity shall be responsible for compliance with the Disclosure Certificate in the same manner as if it were the Township, and the Township shall have no further responsibility hereunder.

(b) This Disclosure Certificate, or any provision hereof, shall be null and void in the event that the Township (i) receive an opinion of Securities Counsel, addressed to the Township, to the effect that those portions of the Rule, which require such provisions of this Disclosure Certificate, do not or no longer apply to the Bonds, whether because such portions of the Rule are invalid, have been repealed, amended or modified, or are otherwise deemed to be inapplicable to the Bonds, as shall be specified in such opinion, and (ii) delivers notice to such effect to the MSRB.

SECTION 8. Dissemination Agent. The Township, from time to time, may appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Disseminating Agent. The initial Dissemination Agent shall be the Township. Except as otherwise provided in this Disclosure Certificate, the Dissemination Agent (if other than the Township) shall not be responsible in any manner for the content of any notice or report prepared by the Township pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. (a) Notwithstanding any other provision of this Disclosure Certificate, this Disclosure Certificate may be amended, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(1) If the amendment relates to the provisions of Section 3(a), (b), (c), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(2) This Disclosure Certificate, as so amended or taking into account such waiver, would, in the opinion of Securities Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(3) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Bondholders.

(b) In the event of any amendment to, or waiver of a provision of, this Disclosure Certificate, the Township shall describe such amendment or waiver in the next Annual Report, and shall include a narrative explanation of the reason for the amendment or waiver. In particular, if the amendment results in a change to the annual financial information required to be included in the Annual Report pursuant to Section 4 of this Disclosure Certificate, the first Annual Report that contains the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of such change in the type of operating data or financial information being provided. Further, if the annual financial information required to be provided in the Annual Report can no longer be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be included in the first Annual Report that does not include such information.

(c) If the amendment results in a change to the accounting principles to be followed in preparing financial statements as set forth in Section 4 of this Disclosure Certificate, the Annual Report for the year in which the change is made shall include a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of such differences and the impact of the changes on the presentation of the financial information. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in accounting principles shall be sent by the Township, or the Dissemination Agent (if other than the Township) at the written direction of the Township, to the MSRB.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Township from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Township choose to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Township shall

have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Failure to Comply. In the event of a failure of the Township or the Dissemination Agent (if other than the Township) to comply with any provision of this Disclosure Certificate, any Bondholder or Beneficial Owner may bring an action to obtain specific performance of the obligations of the Township or the Dissemination Agent (if other than the Township) under this Disclosure Certificate, but no person or entity shall be entitled to recover monetary damages under any circumstances, and any failure to comply with the obligations under this Disclosure Certificate shall not constitute a default with respect to the Bonds or under the Resolution.

SECTION 12. Duties of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Township, the Dissemination Agent, the Participating Underwriters, the Bondholders and the Beneficial Owners, and shall create no rights in any other person or entity.

SECTION 14. Transmission of Information and Notices. Unless otherwise required by law or this Disclosure Certificate, and, in the sole determination of the Township or the Dissemination Agent, as applicable, subject to technical and economic feasibility, the Township or the Dissemination Agent, as applicable, shall employ such methods of information and notice transmission as shall be requested or recommended by the herein designated recipients of such information and notices.

SECTION 15. Additional Disclosure Obligations. The Township acknowledge and understands that other State and federal laws, including, without limitation, the Securities Act of 1933, as amended, and Rule 10b-5 promulgated by the SEC pursuant to the 1934 Act, may apply to the Township, and that under some circumstances, compliance with this Disclosure Certificate, without additional disclosures or other action, may not fully discharge all duties and obligations of the Township under such laws.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed and interpreted in accordance with the laws of the State, and any suits and actions arising out of this Disclosure Certificate shall be instituted in a court of competent jurisdiction in the State. Notwithstanding the foregoing, to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed and interpreted in accordance with such federal securities laws and official interpretations thereof.

TOWNSHIP OF BLAIR

By: _____

Date: _____, 2015

Its: _____

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EXHIBIT A

NOTICE TO
THE MSRB
OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Township of Blair
Grand Traverse County, Michigan

Name of Bond Issue: \$_____ Grand Traverse County – Blair Township
Sewer System Improvement Project Refunding Bonds, Series 2015

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of its Continuing Disclosure Certificate with respect to the Bonds. The Issuer anticipates that the Annual Report will be filed by _____, ____.

CHARTER TOWNSHIP OF BLAIR
AND TOWNSHIP OF PENINSULA

By: _____

Its: _____

Dated: _____, ____

EXHIBIT B

NOTICE TO
THE MSRB
OF CHANGE IN ISSUER'S FISCAL YEAR

Name of Issuer: Township of Blair
Grand Traverse County, Michigan

Name of Bond Issue: \$_____ Grand Traverse County – Blair Township
Sewer System Improvement Project Refunding Bonds, Series 2015

Date of Bonds: _____

NOTICE IS HEREBY GIVEN that the Issuer's fiscal year has changed. Previously, the Issuer's fiscal year ended on _____, _____. It now ends on _____, _____.

CHARTER TOWNSHIP OF BLAIR
AND TOWNSHIP OF PENINSULA

By: _____

Its: _____

Dated: _____, _____

COUNTY OF GRAND TRAVERSE

COUNTY OFFICIALS

HEIDI SCHEPPE, *County Treasurer*
BONNIE SCHEELE, *Clerk*
PEGGY HAINES, *Register of Deeds*
ROBERT COONEY, *Prosecuting Attorney*
THOMAS J. BENSLEY, *Sheriff*
DEAN BOTT, *Finance Director*
KEVIN McELYEA, *Drain Commissioner*

BOARD OF COMMISSIONERS

CHRISTINE MAXBAUER, *Chairman*
DR. DAN LATHROP, *Vice-Chairman*
RON CLOUS
CAROL CRAWFORD
DR. BOB JOHNSON
ALISA KROUPA
ADDISON WHEELLOCK, JR.

BOARD OF PUBLIC WORKS

JAY ZOLLINGER, *Chair*
GLEN LILE, *Vice-Chair*
CHUCK KORN
RON CLOUS
PETER CORREIA
JACK KELLY
HAIDER KAZIM
ROSS CHILDS
KEVIN McELYEA
MARVIN RADTKE JR.
TIM WERNER