

County of Chippewa, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2015

CHIPPEWA COUNTY, MICHIGAN

ORGANIZATION

COUNTY BOARD OF COMMISSIONERS

CHAIRMAN	SCOTT SHACKLETON
COMMISSIONER	JIM MARTIN
COMMISSIONER	DONALD MCLEAN
COMMISSIONER	CONOR EGAN
COMMISSIONER	RAYMOND JOHNSON

APPOINTED/ELECTED OFFICERS

COUNTY ADMINISTRATOR	JAMES GERMAN
COUNTY TREASURER	MARJORIE HANK
COUNTY CLERK	CATHY MALEPORT
COUNTY REGISTER OF DEEDS	SHARON KENNEDY
COUNTY SHERIFF	ROBERT SAVOIE
COUNTY DRAIN COMMISSIONER	ANTHONY BOSLEY
COUNTY PROSECUTOR	DENNIS J. MCSHANE

JUDICIARY

CIRCUIT/JUVENILE COURT	HON. JAMES LAMBROS
PROBATE COURT/DISTRICT COURT	HON. ELIZABETH CHURCH

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT

Members of the Board
County of Chippewa, Michigan
Sault Ste. Marie, MI 49783

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Chippewa, Michigan, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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 the County of Chippewa, Michigan, as of December 31, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress and budgetary comparison information on pages 4 through 9, pages 60 through 62, and pages 63 through 70 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 of Chippewa, Michigan's basic financial statements. The combining major and nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining major and nonmajor fund financial statements and the schedule of expenditures of federal awards 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 major and nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Members of the Board
County of Chippewa, Michigan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2016 on our consideration of the County of Chippewa, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Chippewa, Michigan's internal control over financial reporting and compliance.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 3, 2016

Management's Discussion and Analysis

As management of Chippewa County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Chippewa County for the year ended December 31, 2015.

Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$4,348,658. Of this amount, \$1,110,800 is restricted.
- Net position for the County as a whole decreased by \$1,581,134. Net position of our governmental activities decreased by \$1,367,247 and net position of our business-type activities decreased by \$213,887.
- During the year, the County had expenses for governmental activities that were \$25,417,685 and expenses for business-type activities that were \$168,214.
- The General Fund reported a net fund balance of \$3,964,236, a decrease of \$379,536. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,706,092, or 32% of total General Fund expenditures (including operating transfers.)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise five components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, 4) required supplementary information, and (5) other information.

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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

The government-wide financial statements include not only Chippewa County itself (known as the primary government), but also a legally separate Chippewa County Road Commission, Eastern Upper Peninsula Transportation Authority, and Chippewa County Economic Development Corporation for which Chippewa County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 10-11 of this report.

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

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

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

The County adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 12-14 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its jail commissary operations and delinquent tax operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. Chippewa County uses an internal service fund to account for its central supplies and self-insurance activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

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

The basic fiduciary fund financial statements can be found on page 18-19 of this report.

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-59 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes funding progress and budget comparison schedules. Funding progress and budget comparison schedules can be found on pages 60-70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the combining fund financial statements. Combining fund statements can be found on pages 71-92 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Chippewa County, net position exceeded liabilities by \$4,348,658 at the close of the most recent fiscal year.

In a condensed format, the table below shows the net position of Chippewa County.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Assets						
Current Assets	\$ 12,836,051	\$ 13,834,962	\$ 11,695,676	\$ 11,843,097	\$ 24,531,727	\$ 25,678,059
Capital Assets	12,088,861	12,669,307	-	-	12,088,861	12,669,307
Total Assets	24,924,912	26,504,269	11,695,676	11,843,097	36,620,588	38,347,366
Deferred Outflows of Resources	1,968,185	245,535	-	-	1,968,185	245,535
Liabilities						
Current Liabilities	2,538,448	3,177,662	79,369	12,903	2,617,817	3,190,565
Noncurrent Liabilities	29,343,677	17,028,667	-	-	29,343,677	17,028,667
Total Liabilities	31,882,125	20,206,329	79,369	12,903	31,961,494	20,219,232
Deferred Inflows of Resources	2,278,621	2,264,057	-	-	2,278,621	2,264,057
Net Position						
Net Investment in Capital Assets	10,923,861	11,094,307	-	-	10,923,861	11,094,307
Restricted	1,110,800	1,187,821	-	-	1,110,800	1,187,821
Unrestricted	(19,302,310)	(8,002,710)	11,616,307	11,830,194	(7,686,003)	3,827,484
Total Net Position	\$ (7,267,649)	\$ 4,279,418	\$ 11,616,307	\$ 11,830,194	\$ 4,348,658	\$ 16,109,612

The current level of unrestricted net position for our governmental activities stands at \$2,469,955, or about 9.7% of expenses. Net Position of the governmental activities decreased \$1,367,247. Net Position of the business-type activities decreased 1.8%.

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Program Revenues						
Charges for Services	\$ 7,104,329	\$ 7,376,517	\$ 826,845	\$ 1,312,399	\$ 7,931,174	\$ 8,688,916
Operating Grants and Contributions	5,326,342	5,545,569	-	-	5,326,342	5,545,569
Capital Grants and Contributions	27,304	104,489	-	-	27,304	104,489
General Revenues						
Property Taxes	9,266,605	9,114,272	-	-	9,266,605	9,114,272
State Revenue Sharing and Other	1,385,277	1,334,052	-	-	1,385,277	1,334,052
Interest Income	44,522	62,283	49,857	51,617	94,379	113,900
Total Revenues	23,154,379	23,537,182	876,702	1,364,016	24,031,081	24,901,198
Expenses						
Legislative	93,047	102,659	-	-	93,047	102,659
Judicial	2,698,092	2,565,373	-	-	2,698,092	2,565,373
General Government	4,882,595	4,996,192	-	-	4,882,595	4,996,192
Public Safety	5,500,155	5,450,460	-	-	5,500,155	5,450,460
Public Works	769,795	1,389,201	-	-	769,795	1,389,201
Health and Welfare	9,077,540	8,772,747	-	-	9,077,540	8,772,747
Community and Economic Development	40,862	180,136	-	-	40,862	180,136
Interest Expense - Unallocated	448,763	410,230	-	-	448,763	410,230
Other	1,138,808	1,088,916	-	-	1,138,808	1,088,916
Tax Collection	-	-	7,386	4,873	7,386	4,873
Depreciation - Unallocated	768,028	752,309	-	-	768,028	752,309
Other Nonmajor	-	-	160,828	169,567	160,828	169,567
Total Expenses	25,417,685	25,708,223	168,214	174,440	25,585,899	25,882,663
Excess (Deficiency) Before Transfers	(2,263,306)	(2,171,041)	708,488	1,189,576	(1,554,818)	(981,465)
Transfers	896,059	722,570	(922,375)	(778,886)	(26,316)	(56,316)
Changes in Net Position	(1,367,247)	(1,448,471)	(213,887)	410,690	(1,581,134)	(1,037,781)
Net Position - Beginning as Restated	(5,900,402)	5,727,889	11,830,194	11,419,504	5,929,792	17,147,393
Net Position - Ending	\$ (7,267,649)	\$ 4,279,418	\$ 11,616,307	\$ 11,830,194	\$ 4,348,658	\$ 16,109,612

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

The County's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

The County's Funds

Our analysis of the County's major funds begins on page 12 following the entity wide financial statements. The individual funds' financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2015 include the General Fund, Health Department, Chippewa County Recycling, Senior Nutrition, Ambulance, Correctional Facility Maintenance, and Tax Collection Funds.

The General Fund supports most of the County's governmental services. The costliest are the public safety, health, and general government functions. The Delinquent Tax fund is supported by interest and fees from the collection of taxes.

General Fund Budgetary Highlights

The differences between the original budget and final amended budget for expenditures and transfers out in the General Fund are indicated in the report.

During the year, general fund revenues were \$557,487 less than budgetary estimates, while general fund expenditures were \$503,260 less than budgetary estimates. The actual change in fund balance was a decrease.

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2015, amounted to \$12,088,861 (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, machinery and equipment, and vehicles. The total decrease in the County's investment in capital assets for the current fiscal year was \$580,446.

Major capital asset events during the current fiscal year included the following:

- Purchases include vehicles of \$96,114 and various equipment of \$103,410.

Additional information on the County's capital assets can be found in note 4 on page 32 of this report.

Debt Administration

At the end of the current fiscal year, the County had total debt outstanding of \$30,664,677. Of this amount, \$11,320,958 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt is comprised of vested employee benefits, OPEB obligations and net pension liability.

The County reduced its bond debt by \$1,415,000 in principal payments and issued no new debt.

Additional information on the County's long-term debt can be found in note 6 on pages 36-37 of this report.

Economic Factors and Next Year's Budgets and Rates

In order to maintain financial stability over the long term, the budgeting practice in Chippewa County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a conscious awareness of the fund balance, has given Chippewa County the reserves necessary to address this difficult economic time without resorting to a crisis-management approach. It has permitted the County Board to utilize its annual budget process as the primary vehicle to make decisions on the type and level of County services to be provided. When unexpected revenue losses or expenditure increases occur during the year, they will be addressed through short term expenditure reduction measures such as reductions in controllable expenses, hiring delays, and deferrals of certain capital expenditures.

- As the economy has stabilized, there have been financial impacts to the County. Although property tax revenues remain stable, programs that rely on state and federal grants have suffered financial losses.
- Two Michigan constitutional laws limit property tax growth to the rate of inflation or a maximum allowable increase in assessment of 5.0 percent, whichever is less. Property tax revenue anticipated for the ensuing fiscal year will reflect the restrictions of these laws.

Component Units

A separate management's discussion and analysis is available for the County Health Department, Road Commission, Economic Development Corporation and E.U.P. Transportation Authority. Refer to these audit reports for further information.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chippewa County Administrator's Office at (906) 635-6330.

Basic Financial Statements

Statement of Net Position
December 31, 2015

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS:				
Cash and Investments - Unrestricted	\$ 6,849,225	\$ 9,708,980	\$ 16,558,205	\$ 2,205,953
Cash and Investments - Restricted	-	-	-	630,667
Receivables:				
Accounts	2,210,105	-	2,210,105	296,347
Taxes	2,840,897	1,703,372	4,544,269	806,296
Interest	3,096	283,324	286,420	-
Due from Governmental Units	631,923	-	631,923	2,039,831
Inventory	9,254	-	9,254	756,409
Prepaid Items	291,551	-	291,551	258,321
Capital Assets (nondepreciable)	231,810	-	231,810	54,390,896
Capital Assets (net of accumulated depreciation)	11,857,051	-	11,857,051	61,328,420
TOTAL ASSETS	24,924,912	11,695,676	36,620,588	122,713,140
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment Experience and Contributions	1,740,188	-	1,740,188	1,190,658
Deferred Charges on Refunding	227,997	-	227,997	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,968,185	-	1,968,185	1,190,658
LIABILITIES:				
Accounts Payable	396,285	-	396,285	933,717
Accrued Liabilities	448,653	6,367	455,020	134,760
Advances	-	-	-	328,564
Unearned Revenue	161,828	-	161,828	-
Other Liabilities	13,323	-	13,323	-
Accrued Interest Payable	105,802	-	105,802	-
Due to Governmental Units	91,557	73,002	164,559	-
Notes Payable - Due within one year	-	-	-	244,411
Notes Payable - Due in more than one year	-	-	-	915,583
Bonds Payable - Due within one year	1,321,000	-	1,321,000	-
Bonds Payable - Due in more than one year	9,999,958	-	9,999,958	-
Vested Employee Benefits - Due in more than one year	667,872	-	667,872	368,800
OPEB Obligations - Due in more than one year	6,380,039	-	6,380,039	2,385,181
Net Pension Liability - Due in more than one year	12,295,808	-	12,295,808	14,279,201
TOTAL LIABILITIES	31,882,125	79,369	31,961,494	19,590,217
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	2,278,621	-	2,278,621	806,296
NET POSITION:				
Net Investment in Capital Assets	10,923,861	-	10,923,861	114,559,322
Restricted	1,110,800	-	1,110,800	610,667
Unrestricted	(19,302,310)	11,616,307	(7,686,003)	(11,662,704)
TOTAL NET POSITION	\$ (7,267,649)	\$ 11,616,307	\$ 4,348,658	\$ 103,507,285

County of Chippewa, Michigan

Statement of Activities For the Year Ended December 31, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary Government:								
Governmental Activities:								
Legislative	\$ 93,047	\$ -	\$ -	\$ -	\$ (93,047)	\$ -	\$ (93,047)	\$ -
Judicial	2,698,092	355,604	1,096,145	-	(1,246,343)	-	(1,246,343)	-
General Government	4,882,595	472,495	625,833	-	(3,784,267)	-	(3,784,267)	-
Public Safety	5,500,155	1,282,822	781,547	27,304	(3,408,482)	-	(3,408,482)	-
Public Works	769,795	73,196	1,223,441	-	526,842	-	526,842	-
Health and Welfare	9,077,540	4,920,212	1,509,810	-	(2,647,518)	-	(2,647,518)	-
Community/Economic Development	40,862	-	89,566	-	48,704	-	48,704	-
Interest Expense - Unallocated	448,763	-	-	-	(448,763)	-	(448,763)	-
Other	1,138,808	-	-	-	(1,138,808)	-	(1,138,808)	-
Depreciation - Unallocated	768,028	-	-	-	(768,028)	-	(768,028)	-
Total Governmental Activities	<u>25,417,685</u>	<u>7,104,329</u>	<u>5,326,342</u>	<u>27,304</u>	<u>(12,959,710)</u>	<u>-</u>	<u>(12,959,710)</u>	<u>-</u>
Business-type activities:								
Tax Collection	7,386	604,679	-	-	-	597,293	597,293	-
Other Nonmajor	160,828	222,166	-	-	-	61,338	61,338	-
Total Business-type Activities	<u>168,214</u>	<u>826,845</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>658,631</u>	<u>658,631</u>	<u>-</u>
Total Primary Government	<u>\$ 25,585,899</u>	<u>\$ 7,931,174</u>	<u>\$ 5,326,342</u>	<u>\$ 27,304</u>	<u>(12,959,710)</u>	<u>658,631</u>	<u>(12,301,079)</u>	<u>-</u>
Component Units:								
Road Commission	\$ 10,151,237	\$ 2,146,581	\$ 4,429,537	\$ 3,574,328				(791)
Economic Development Corporation	3,790,198	2,281,359	-	1,545,010				36,171
E.U.P. Transportation Authority	3,950,620	1,558,664	1,677,418	332,889				(381,649)
Total Component Units	<u>17,892,055</u>	<u>5,986,604</u>	<u>6,106,955</u>	<u>5,452,227</u>				<u>(346,269)</u>
Total	<u>\$ 43,477,954</u>	<u>\$ 13,917,778</u>	<u>\$ 11,433,297</u>	<u>\$ 5,479,531</u>				
General Revenues and Transfers:								
Taxes- Real Property					9,260,407	-	9,260,407	795,716
Taxes- Personal Property					6,198	-	6,198	-
State Revenue Sharing and Other					1,385,277	-	1,385,277	-
Interest Income					44,522	49,857	94,379	12,421
Transfers					896,059	(922,375)	(26,316)	26,316
Gain (Loss) on Disposals					-	-	-	87,290
Total General Revenues and Transfers					<u>11,592,463</u>	<u>(872,518)</u>	<u>10,719,945</u>	<u>921,743</u>
Changes in Net Position					<u>(1,367,247)</u>	<u>(213,887)</u>	<u>(1,581,134)</u>	<u>575,474</u>
Net Position - Beginning as Restated					<u>(5,900,402)</u>	<u>11,830,194</u>	<u>5,929,792</u>	<u>102,931,811</u>
Net Position - Ending					<u>\$ (7,267,649)</u>	<u>\$ 11,616,307</u>	<u>\$ 4,348,658</u>	<u>\$ 103,507,285</u>

See accompanying notes to financial statements.

County of Chippewa, Michigan

Balance Sheet Governmental Funds December 31, 2015

	General	Health Department 9/30/2015	Chippewa County Recycling	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Non-Major Governmental Funds	Total Governmental Funds
ASSETS:								
Cash and Investments - Unrestricted	\$ 3,190,841	\$ 461,683	\$ 181,129	\$ 71	\$ 618	\$ 683,173	\$ 1,017,686	\$ 5,535,201
Receivables:								
Accounts	32,752	2,059,927	-	-	-	341	117,085	2,210,105
Taxes	562,276	-	535,667	535,024	457,996	642,801	107,133	2,840,897
Interest	3,096	-	-	-	-	-	-	3,096
Inventory	-	3,131	-	-	-	-	-	3,131
Due from Other Funds	264,873	-	-	-	-	-	-	264,873
Due from Governmental Units	264,570	218,051	-	-	-	-	149,302	631,923
Prepaid Items	53,364	39,189	-	-	-	-	36,806	129,359
TOTAL ASSETS	\$ 4,371,772	\$ 2,781,981	\$ 716,796	\$ 535,095	\$ 458,614	\$ 1,326,315	\$ 1,428,012	\$ 11,618,585
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 256,646	\$ 256,646
Accounts Payable	99,821	215,832	-	-	-	139	80,493	396,285
Accrued Liabilities	231,642	175,377	-	-	-	-	43,738	450,757
Due to Governmental Units	3,911	87,646	-	-	-	-	-	91,557
Unearned Revenue	72,162	89,666	-	-	-	-	-	161,828
Other Liabilities	-	13,323	-	-	-	-	-	13,323
Compensated Absences	-	203,032	-	-	-	-	-	203,032
TOTAL LIABILITIES	407,536	784,876	-	-	-	139	380,877	1,573,428
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	535,667	535,024	457,996	642,801	107,133	2,278,621
FUND BALANCES:								
Nonspendable	53,364	42,320	-	-	-	-	36,806	132,490
Restricted	-	-	181,129	71	618	683,375	245,607	1,110,800
Committed	-	203,032	-	-	-	-	7,503	210,535
Assigned	204,780	712,475	-	-	-	-	685,945	1,603,200
Unassigned	3,706,092	1,039,278	-	-	-	-	(35,859)	4,709,511
TOTAL FUND BALANCES	3,964,236	1,997,105	181,129	71	618	683,375	940,002	7,766,536
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,371,772	\$ 2,781,981	\$ 716,796	\$ 535,095	\$ 458,614	\$ 1,326,315	\$ 1,428,012	
Reconciliation to amounts reported for governmental activities in the statement of net position:								
Capital assets used by governmental activities								12,088,861
Long-term notes and bonds payable for governmental activities								(10,737,829)
Long-term Vested Employee Benefits and OPEB obligations								(6,844,879)
Internal service funds included in governmental activities								1,476,216
Accrued interest expense recognized under full accrual accounting								(105,802)
Net pension liability and related deferred outflows								(10,910,752)
Net position of governmental activities								\$ (7,267,649)

See accompanying notes to financial statements.

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

	General	Health Department 9/30/2015	Chippewa County Recycling	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Non-Major Governmental Funds	Totals Governmental Funds
REVENUES:								
Taxes	\$ 6,953,088	\$ -	\$ 544,897	\$ 542,825	\$ 464,796	\$ 653,185	\$ 107,814	\$ 9,266,605
Licenses and Permits	80,341	-	-	-	-	-	-	80,341
Federal Sources	422,361	735,740	-	-	-	-	206,089	1,364,190
State Sources	1,917,936	273,269	-	-	-	-	673,384	2,864,589
Local Sources	153,453	212,021	-	-	-	-	1,475,913	1,841,387
Charges for Services	1,335,090	4,903,462	-	-	-	-	702,353	6,940,905
Interest and Rentals	39,653	29	-	-	-	4,056	784	44,522
Fines and Forfeitures	83,083	-	-	-	-	-	-	83,083
Other Revenue	182,263	402,184	-	-	-	-	84,310	668,757
TOTAL REVENUES	11,167,268	6,526,705	544,897	542,825	464,796	657,241	3,250,647	23,154,379
EXPENDITURES:								
Legislative	93,047	-	-	-	-	-	-	93,047
Judicial	2,667,668	-	-	-	-	-	30,424	2,698,092
General Government	3,830,355	-	-	-	-	-	27,208	3,857,563
Public Safety	3,912,224	-	-	-	-	19,757	1,568,174	5,500,155
Public Works	-	-	632,800	-	-	-	136,995	769,795
Health and Welfare	228,410	6,526,331	-	542,754	302,112	-	589,418	8,189,025
Community/Economic Development	-	-	-	-	-	-	40,862	40,862
Capital Outlay	204,381	-	-	-	-	-	81,022	285,403
Debt Service	-	-	-	-	-	-	1,857,737	1,857,737
Other Expenditures	1,138,808	-	-	-	-	-	-	1,138,808
TOTAL EXPENDITURES	12,074,893	6,526,331	632,800	542,754	302,112	19,757	4,331,840	24,430,487
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(907,625)	374	(87,903)	71	162,684	637,484	(1,081,193)	(1,276,108)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	1,031,722	-	-	-	-	-	1,330,550	2,362,272
Operating Transfers Out	(503,633)	-	-	-	(162,676)	(610,000)	(189,904)	(1,466,213)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(379,536)	374	(87,903)	71	8	27,484	59,453	(380,049)
FUND BALANCES, JANUARY 1	4,343,772	1,996,731	269,032	-	610	655,891	880,549	8,146,585
FUND BALANCES, DECEMBER 31	\$ 3,964,236	\$ 1,997,105	\$ 181,129	\$ 71	\$ 618	\$ 683,375	\$ 940,002	\$ 7,766,536

**Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2015**

Net changes in fund balances - total governmental funds \$ (380,049)

The change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and loss on disposals exceeded depreciation in the current period. (580,446)

Repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Proceeds from bond issuance is an other financing source in governmental funds but increases the liability in the statement of net position. Discounts and deferred charges result in amortization of these costs for the statement of activities. 1,397,462

Deferred outflows resulting from investment experience and contributions 1,740,188

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Interest Payable Activity	11,512
Vested Employee Benefits	(46,552)
OPEB Obligations	(1,295,880)
Net Pension Liabilities	(2,115,988)

Internal Service Fund Activity (97,494)

Changes in net position of governmental activities \$ (1,367,247)

**Statement of Net Position
Proprietary Funds
December 31, 2015**

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
ASSETS:				
Cash and Investments - Unrestricted	\$ 9,513,027	\$ 195,953	\$ 9,708,980	\$ 1,314,024
Taxes Receivable	1,703,372	-	1,703,372	-
Due from Governmental Units	-	-	-	162,192
Inventory	-	-	-	6,123
Accrued Interest Receivable	283,324	-	283,324	-
TOTAL ASSETS	\$ 11,499,723	\$ 195,953	\$ 11,695,676	\$ 1,482,339
LIABILITIES:				
Due to Other Funds	\$ -	\$ -	\$ -	\$ 6,123
Due to Governmental Units	72,989	13	73,002	-
Accrued Liabilities	6,367	-	6,367	-
TOTAL LIABILITIES	79,356	13	79,369	6,123
NET POSITION:				
Unrestricted	11,420,367	195,940	11,616,307	1,476,216
TOTAL NET POSITION	\$ 11,420,367	\$ 195,940	\$ 11,616,307	\$ 1,476,216

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

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
OPERATING REVENUES:				
Charges for Services	\$ 91,947	\$ -	\$ 91,947	\$ 3,381,326
Penalties and Interest Charges	512,732	222,166	734,898	-
Total Operating Revenues	<u>604,679</u>	<u>222,166</u>	<u>826,845</u>	<u>3,381,326</u>
OPERATING EXPENSES:				
Premium Payments	-	-	-	3,467,213
Other Supplies and Expenses	7,386	160,828	168,214	11,607
Total Operating Expenses	<u>7,386</u>	<u>160,828</u>	<u>168,214</u>	<u>3,478,820</u>
OPERATING INCOME (LOSS)	<u>597,293</u>	<u>61,338</u>	<u>658,631</u>	<u>(97,494)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest on Deposits	49,857	-	49,857	-
Total Non-Operating Revenues (Expenses)	<u>49,857</u>	<u>-</u>	<u>49,857</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	647,150	61,338	708,488	(97,494)
Operating Transfers In	3,679,693	-	3,679,693	-
Operating Transfers Out	<u>(4,437,068)</u>	<u>(165,000)</u>	<u>(4,602,068)</u>	<u>-</u>
CHANGES IN NET POSITION	(110,225)	(103,662)	(213,887)	(97,494)
NET POSITION, JANUARY 1	<u>11,530,592</u>	<u>299,602</u>	<u>11,830,194</u>	<u>1,573,710</u>
NET POSITION, DECEMBER 31	<u>\$ 11,420,367</u>	<u>\$ 195,940</u>	<u>\$ 11,616,307</u>	<u>\$ 1,476,216</u>

County of Chippewa, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2015

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 680,162	\$ 222,179	\$ 902,341	\$ 3,219,134
Payments to Suppliers	-	(160,828)	(160,828)	(3,475,130)
Internal Activity - Receipts (Payments) with Other Funds	59,067	-	59,067	(3,084)
Net Cash Provided (Used) by Operating Activities	<u>739,229</u>	<u>61,351</u>	<u>800,580</u>	<u>(259,080)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers In (Out) - net	<u>(757,375)</u>	<u>(165,000)</u>	<u>(922,375)</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(757,375)</u>	<u>(165,000)</u>	<u>(922,375)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Deposits	<u>49,857</u>	<u>-</u>	<u>49,857</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>49,857</u>	<u>-</u>	<u>49,857</u>	<u>-</u>
Net Increase (Decrease) in Cash	31,711	(103,649)	(71,938)	(259,080)
Balances - Beginning of the Year	<u>9,481,306</u>	<u>299,602</u>	<u>9,780,908</u>	<u>1,573,104</u>
Balances - End of the Year	<u>\$ 9,513,017</u>	<u>\$ 195,953</u>	<u>\$ 9,708,970</u>	<u>\$ 1,314,024</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 597,293	\$ 61,338	\$ 658,631	\$ (97,494)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Assets:				
Taxes Receivable	92,287	-	92,287	-
Accrued Interest Receivable	(16,804)	-	(16,804)	-
Inventory	-	-	-	3,690
Due from Governmental Units	-	-	-	(162,192)
Increase (Decrease) in Liabilities:				
Due to Other Funds	-	-	-	(3,084)
Due to Governmental Units	72,989	13	73,002	-
Accrued Liabilities	(6,536)	-	(6,536)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 739,229</u>	<u>\$ 61,351</u>	<u>\$ 800,580</u>	<u>\$ (259,080)</u>

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2015**

	<u>Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
ASSETS:		
Cash and Equivalents - Unrestricted	\$ -	\$ 1,465,820
Total Cash and Equivalents	-	1,465,820
Investments, at fair value:		
Equity Securities	5,755,173	-
Total Investments	5,755,173	-
TOTAL ASSETS	\$ 5,755,173	\$ 1,465,820
LIABILITIES:		
Due to Other Funds	\$ -	\$ 2,104
Undistributed Tax Collections	-	1,099,087
Other Liabilities	-	202,969
Due to Governmental Units	-	161,660
TOTAL LIABILITIES	-	\$ 1,465,820
NET POSITION:		
Held in Trust for Pension Benefits and Other Purposes	\$ 5,755,173	

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2015**

	<u>Other Employee Benefit Trust Funds</u>
ADDITIONS:	
Contributions:	
Employer and Employee	<u>\$ 1,703,846</u>
Total Contributions	<u>1,703,846</u>
Investment Income:	
Interest, Dividends	<u>(77,462)</u>
Total Investment Income	<u>(77,462)</u>
Total Additions	<u>1,626,384</u>
DEDUCTIONS:	
Other Deductions	13,086
Participants Payments	<u>889,702</u>
Total Deductions	<u>902,788</u>
Change in Net Position	723,596
Net Position Held in Trust for Benefits, Beginning of Year	<u>5,031,577</u>
Net Position Held in Trust for Benefits, End of Year	<u><u>\$ 5,755,173</u></u>

Component Units

County of Chippewa, Michigan

Statement of Net Position Component Units December 31, 2015

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2015	Totals
ASSETS:				
Cash and Investments - Unrestricted	\$ 576,778	\$ 1,064,765	\$ 564,410	\$ 2,205,953
Cash and Investments - Restricted	-	-	630,667	630,667
Receivables:				
Accounts	5,966	222,769	67,612	296,347
Taxes	806,296	-	-	806,296
Due from Governmental Units	2,033,693	-	6,138	2,039,831
Inventory	721,459	34,950	-	756,409
Prepaid Items	222,603	-	35,718	258,321
Capital Assets (Nondepreciable)	52,444,221	1,946,675	-	54,390,896
Capital Assets (Net of Accumulated Depreciation)	30,903,025	22,440,513	7,984,882	61,328,420
TOTAL ASSETS	87,714,041	25,709,672	9,289,427	122,713,140
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Investment Experience and Contributions	726,396	102,460	361,802	1,190,658
LIABILITIES:				
Accounts Payable	831,020	28,505	74,192	933,717
Accrued Liabilities	58,659	25,052	51,049	134,760
Advances	328,564	-	-	328,564
Notes Payable - Due within one year	219,411	25,000	-	244,411
Notes Payable - Due in more than one year	815,583	100,000	-	915,583
Vested Employee Benefits - Due in more than one year	139,855	42,127	186,818	368,800
OPEB Obligation - Due in more than one year	2,322,345	62,836	-	2,385,181
Net Pension Liability - Due in more than one year	8,944,827	414,962	4,919,412	14,279,201
TOTAL LIABILITIES	13,660,264	698,482	5,231,471	19,590,217
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	806,296	-	-	806,296
NET POSITION:				
Net Investment in Capital Assets	82,312,252	24,262,188	7,984,882	114,559,322
Restricted for Capital Match	-	-	610,667	610,667
Unrestricted	(8,338,375)	851,462	(4,175,791)	(11,662,704)
TOTAL NET POSITION	\$ 73,973,877	\$ 25,113,650	\$ 4,419,758	\$ 103,507,285

County of Chippewa, Michigan

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2015	
Road Commission:								
Public Works	\$ 10,151,237	\$ 2,146,581	\$ 4,429,537	\$ 3,574,328	\$ (791)	\$ -	\$ -	\$ (791)
Economic Development Corporation:								
Economic Development	3,790,198	2,281,359	-	1,545,010	-	36,171	-	36,171
E.U.P. Transportation Authority:								
Public Works	3,950,620	1,558,664	1,677,418	332,889	-	-	(381,649)	(381,649)
Total Component Units	<u>\$ 17,892,055</u>	<u>\$ 5,986,604</u>	<u>\$ 6,106,955</u>	<u>\$ 5,452,227</u>	<u>(791)</u>	<u>36,171</u>	<u>(381,649)</u>	<u>(346,269)</u>
General Revenues and Transfers:								
Taxes					795,716	-	-	795,716
Interest Income					-	8,314	4,107	12,421
Transfers In					-	26,316	-	26,316
Gain (Loss) on Disposal					87,290	-	-	87,290
Total General Revenues and Transfers					<u>883,006</u>	<u>34,630</u>	<u>4,107</u>	<u>921,743</u>
Changes in Net Position					882,215	70,801	(377,542)	575,474
Net Position - Beginning as Restated					73,091,662	25,042,849	4,797,300	102,931,811
Net Position - Ending					<u>\$ 73,973,877</u>	<u>\$ 25,113,650</u>	<u>\$ 4,419,758</u>	<u>\$ 103,507,285</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A – Reporting Entity

The County of Chippewa was incorporated under the laws of the State of Michigan in 1877 and operates under an elected Commission form of government. As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the County of Chippewa (primary government) 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.

Component Units:

In conformity with U.S. generally accepted accounting principles, the financial statements of component units have been included in the financial reporting entity either as blended component units or as discretely presented component units.

Discretely Presented Component Units

The component units’ columns in the financial statements include the financial data of the County’s three other component units. These units are reported in separate columns to emphasize that they are legally separate from the County.

Chippewa County Road Commission – The members of the governing board of the Road Commission are appointed by the County Commission. Although the County does not have the authority to approve or modify the Road Commission’s operational and capital budgets; travel, per diem rates, and bonded debt must be approved by the County Commission.

Chippewa County Economic Development Corporation – The members of the governing board are jointly appointed by the County and other governmental units. The Corporation’s capital budgets are subject to approval of the County Commission. The county generally is liable for disallowed grant expenditures as well.

Eastern Upper Peninsula Transportation Authority – The members of the governing board of the Transportation Authority are appointed as follows: three members by Chippewa County and two members by Luce County. The County exercises oversight responsibility and has accountability of fiscal matters. The Transportation Authority has a September 30, 2015 year end.

Condensed Financial Statements – The combining financial statements present condensed financial statements of each of the three discretely presented component units. Complete financial statements of the individual component units can be obtained directly from their administrative offices.

Discretely Presented Component Units Administrative Offices:

Chippewa County Road Commission
3949 S. Mackinac Trail
Sault Ste. Marie, MI 49783

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Chippewa County Economic Development Corporation
119 Cully Road, Bldg. 119
Kincheloe, MI 49788

Eastern Upper Peninsula Transportation Authority
4001 I-75 Business Spur
Sault Ste. Marie, MI 49783

Multi-County Agency

Hiawatha Behavioral Health Authority -The County participates jointly in the operation of the Hiawatha Behavioral Health Authority with Mackinac and Schoolcraft Counties. The funding formula requires the County to provide approximately 60% of the budget appropriation requirement, which amounted to \$171,334 for the year ended December 31, 2015.

Department of Human Services – The Department of Human Services in 2004 became a Zone 1 Regional DHS which accounted for the activities of the following counties: Delta, Menominee, Dickinson, Iron, Schoolcraft, Gogebic, Ontonagon, Alger, Chippewa, Houghton, Keweenaw, Luce, Marquette and Baraga. Each County maintains its own three member DHS board, two appointed by the County and one appointed by the Michigan Governor, but the financial activity is reported in Delta County’s financial report because the treasury function of the Agency rests with the Delta County Treasurer.

B – Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., 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, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The County first utilizes restricted resources to finance qualifying activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C – Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Taxes Receivable

The County of Chippewa property tax is levied on each December 1st and July 1st on the taxable valuation of property (as defined by State statutes) located in the County of Chippewa as of the preceding December 31st.

Although the County of Chippewa 2015 ad valorem tax is levied and collectible on December 1, 2014, and 2015 ad valorem tax is levied and collectible on July 1, 2015, it is the County of Chippewa’s policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made “available” for the financing of operations. “Available” means collected within the current period or expected to be paid from the delinquent tax revolving funds within one year.

The December 1, 2014 taxable valuation of the County of Chippewa totaled \$1,086,611,568 on which ad valorem taxes levied consisted of .4275 mills for fire/ambulance services, .9879 mills for roads, .5000 mills for recycling, .4994 mills for senior programs, .6000 mills for jail debt service, and .1000 mills for animal shelter. These amounts are recognized in the respective Special Revenue Funds, Debt Service Funds, and Component Units financial statements as revenue.

The July 1, 2015 taxable valuation of the County of Chippewa totaled \$1,094,228,760 on which ad valorem taxes levied consisted of 6.1500 mills for the General Fund. This amount is recognized in the General Fund as revenue.

All other revenue items are considered to be available only when cash is received by the government.

The County reports the following major governmental funds:

General Fund

This is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health Department Fund

This fund accounts for health services and related grant funds.

Chippewa County Recycling Fund

This fund accounts for the collection of the tax millage for the recycling center operated by Northern Transitions, Inc.

Senior Nutrition Fund

This fund accounts for nutritional and health needs of senior citizens.

Ambulance Fund

This fund accounts for the activities of the County's ambulance department.

Correctional Facility Maintenance Fund

This fund accounts for the collection of the tax millage and maintenance of the correctional facility.

The County reports the following major proprietary funds:

Tax Collection Fund

This fund accounts for property tax administration within the county.

Additionally, the County reports the following fund types:

Internal Service Funds

These funds account for central purchases and self insurance as provider to other departments of the government on a cost reimbursement basis.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the County as an agent for individuals and employees, private organizations, other governments, and/or other funds. Fiduciary Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

All other revenue items are considered to be available only when cash is received by the government.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded when liabilities are incurred, regardless of when the related cash flow takes place.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds relate to charges to customers for tax collections. Operating expenses for proprietary funds include the cost of sales and services, and administrative expenses and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

D - Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

Bank Deposits and Investments – Cash and equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Pooled investment income from all funds is generally allocated to each fund based on the average cash balance. Deposits are recorded at cost.

Receivables and Payables – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and July 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items – Inventories are valued at the lower of cost or market using the average cost method for proprietary fund types. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist primarily of paper and office supplies. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both governmental-wide and fund financial statements.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 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 market value at the date of donation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Roads and Bridges	10 to 30 years
Vehicles	3 to 5 years
Office Equipment	5 to 7 years
Computer Equipment	3 to 7 years

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

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has deferred charges on bond refunding and pension items that qualify for reporting in this category.

Deferred Inflows of Resources – In addition to liabilities, the statement of net position and governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has property taxes that qualify for reporting in this category.

Vested Employee Benefits (Vacation and Sick Leave) – It is the County of Chippewa’s policy to permit employees to accumulate earned but unused sick and vacation pay benefits. All sick pay is accrued when incurred in the government-wide financial statements for employees with three years or more of service with the County of Chippewa, to a maximum of 168 hours. All vacation pay is accrued when incurred in the government-wide financial statements to a maximum of 200 hours.

Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with Accounting Standards Codification Section 710, no liability is recorded for nonvesting accumulating rights to receive sick-pay benefits. However, a liability is recognized or that portion of accumulating sick-leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

Long-Term Obligations – In the government-wide financial statements and the 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Inventories and Prepaid items as being Nonspendable as these items are not expected to be converted to cash within the next year.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the County. These amounts cannot be used for any other purpose unless the County removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The County has committed compensated absences and capital project monies.
- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The County would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Unearned Revenues – Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not.

Interfund Transfers – During the course of normal operations, the County has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is determined by County management.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, outflows, liabilities, and inflows and disclosure of contingent assets and liabilities at the date of the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Budgets and Budgetary Control – The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The County Board of Commissioners reviews a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Numerous opportunities exist for public comment during the budget process including formal public hearings conducted at the Courthouse to obtain taxpayer comment.
- c. Pursuant to statute, prior to December 31 of each year, the budget for the ensuing year is legally enacted through adoption of an Annual General Appropriations Act.
- d. The general statute governing County budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Chippewa County Board of Commissioners, through policy action, specifically directs the Administrator not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.
- e. Supplemental appropriations are submitted to and reviewed and submitted to the Finance Committee for further consideration. If approved, they are transmitted to the County Board of Commissioners for their review and approval. If approved, they are implemented by the Administrator's office through a budget revision.
- f. The County of Chippewa adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Commissioners, i.e., department for analytical purposes. A detailed line item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line item detail level.
- g. Budgets were adopted in substance on the modified accrual basis which is consistent with U.S. generally accepted accounting principles. Budgeted amounts reported in the financial statements are as amended by the County Board of Commissioners which was materially the same as originally adopted.
- h. General Fund budgeted appropriations to other County departments/budgetary units unexpended at the end of the current fiscal operating year revert to the County General Fund and all budgets lapse at year end.

Michigan Public Act 621 of 1978 (the Budgeting Act) requires that budgets be adopted for General and Special Revenue Funds. U.S. generally accepted accounting principles require that the financial statements present budgetary comparisons for the Governmental Fund Types for which budgets were legally adopted.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

NOTE 3 - CASH AND INVESTMENTS

At year end, the County’s cash and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Investments					
-Unrestricted	\$ 6,849,225	\$ 9,708,980	\$ 16,558,205	\$ 1,465,820	\$ 2,205,953
-Restricted	-	-	-	-	630,667
Total	<u>\$ 6,849,225</u>	<u>\$ 9,708,980</u>	<u>\$ 16,558,205</u>	<u>\$ 1,465,820</u>	<u>\$ 2,836,620</u>

The categories of cash and investments are as follows:

	<u>Primary Government</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 15,775,723	\$ 2,382,526
Investments:		
FHLB	92,585	-
Municipal Bonds	605,000	-
Repurchase Agreement	81,152	-
Public Money Market Funds	-	452,494
Petty Cash and Cash on Hand	<u>3,745</u>	<u>1,600</u>
Total	<u>\$ 16,558,205</u>	<u>\$ 2,836,620</u>

Investments:

<u>Description</u>	<u>Fair Value</u>	<u>Maturity in Years</u>			<u>S&P Rating</u>
		<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	
FHLB	\$ 92,585	\$ -	\$ 92,585	\$ -	AA
Municipal Bonds	605,000	195,000	410,000	-	AA-
Repurchase Agreements	<u>81,152</u>	<u>81,152</u>	-	-	Unavailable
Total Investments	<u>\$ 778,737</u>	<u>\$ 276,152</u>	<u>\$ 502,585</u>	<u>\$ -</u>	

Investment and Deposit Risk –Primary Government

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. 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.

Credit risk. The County’s investment policy does not have specific limits in excess of state law on investment credit risk.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Custodial deposit credit risk. Custodial deposit 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 does not have a policy for deposit custodial credit risk. As of year end, \$15,495,750 of the County's bank balance of \$17,732,423 was exposed to credit risk because it was uninsured and uncollateralized.

Custodial investment credit risk. For investments, 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 the possession of an outside party. As of December 31, 2015, none of the County's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the County's name by the counter party.

Statutory Authority:

An act (PA 152) to amend 1943 PA 20, entitled "An act relative to the investment of funds of public corporations of the state; and to validate certain investments," by amending section 1 (MCL 129.91), as amended by 2009 PA 21.

Except as provided in section 5, the governing body by resolution may authorize its investment officer to invest the funds of that public corporation in one or more of the following:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, or depository receipts of a financial institution, but only if the financial institution complies with subsection (2); certificates of deposit obtained through a financial institution as provided in subsection (5); or deposit accounts of a financial institution as provided in subsection (6).
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures not more than 270 days after the date of purchase.
- d. Repurchase agreements consisting of instruments listed in subdivision (a).
- e. Bankers' acceptances of United States banks.
- f. Obligations of this state or any of its political subdivisions that at the time of purchase are rated as investment grade by not less than one standard rating service.
- g. Mutual funds registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64, with authority to purchase only investment vehicles that are legal for direct investment by a public corporation. However, a mutual fund is not disqualified as a permissible investment solely by reason of any of the following:
 - (i) The purchase of securities on a when-issued or delayed delivery basis.
 - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all times equal to at least 100% of the value of the securities loaned.
 - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions (a) through (g) if purchased through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.

NOTE 3 - CASH AND INVESTMENTS (Continued)

- i. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, MCL 129.111 to 129.118.
- j. The investment pools organized under the local government investment pool act, 1985 PA 121, MCL 129.141 to 129.150.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the General County year ended December 31, 2015, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 231,810	\$ -	\$ -	\$ 231,810
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	209,400	-	-	209,400
Buildings and Improvements	18,621,182	85,879	-	18,707,061
Furniture and Equipment	5,060,435	103,410	-	5,163,845
Vehicles	<u>1,065,813</u>	<u>96,114</u>	<u>32,711</u>	<u>1,129,216</u>
Subtotal	<u>24,956,830</u>	<u>285,403</u>	<u>32,711</u>	<u>25,209,522</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	130,230	4,260	-	134,490
Buildings and Improvements	8,353,749	401,616	-	8,755,365
Furniture and Equipment	3,355,979	327,534	-	3,683,513
Vehicles	<u>679,375</u>	<u>132,439</u>	<u>32,711</u>	<u>779,103</u>
Subtotal	<u>12,519,333</u>	<u>865,849</u>	<u>32,711</u>	<u>13,352,471</u>
Net Capital Assets Being Depreciated	<u>12,437,497</u>	<u>(580,446)</u>	<u>-</u>	<u>11,857,051</u>
Capital Assets - Net	<u>\$ 12,669,307</u>	<u>\$ (580,446)</u>	<u>\$ -</u>	<u>\$ 12,088,861</u>

Depreciation expense was charged to programs of the governmental activities as follows:

Health and Welfare	\$ 97,821
Unallocated	<u>768,028</u>
Total	<u>\$ 865,849</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Chippewa County Road Commission year ended December 31, 2015, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital Assets Not Being Depreciated</i>				
Land and Improvements	\$ 269,402	\$ 1,500	\$ -	\$ 270,902
Land/Improvements - Infrastructure	50,213,507	1,319,604	-	51,533,111
Construction in Progress	<u>304,109</u>	<u>336,099</u>	-	<u>640,208</u>
Subtotal	<u>50,787,018</u>	<u>1,657,203</u>	-	<u>52,444,221</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	4,943,531	64,406	-	5,007,937
Road Equipment	12,596,035	1,927,605	702,515	13,821,125
Shop Equipment	272,373	2,299	-	274,672
Office Equipment	57,150	1,099	-	58,249
Engineers' Equipment	68,233	500	-	68,733
Depletable Assets	1,172,540	-	-	1,172,540
Infrastructure – Roads	38,090,319	1,918,625	1,278,555	38,730,389
Infrastructure – Bridges	<u>13,205,142</u>	<u>-</u>	<u>-</u>	<u>13,205,142</u>
Subtotal	<u>70,405,323</u>	<u>3,914,534</u>	<u>1,981,070</u>	<u>72,338,787</u>
<i>Less Accumulated Depreciation</i>				
Buildings	2,289,522	142,168	-	2,431,690
Road Equipment	12,274,542	301,728	702,515	11,873,755
Shop Equipment	219,079	16,973	-	236,052
Office Equipment	48,796	3,583	-	52,379
Engineers' Equipment	64,613	2,310	-	66,923
Depletable Assets	378,499	9,932	-	388,431
Infrastructure – Roads	17,139,720	2,120,879	1,278,555	17,982,044
Infrastructure – Bridges	<u>8,131,713</u>	<u>272,775</u>	<u>-</u>	<u>8,404,488</u>
Subtotal	<u>40,546,484</u>	<u>2,870,348</u>	<u>1,981,070</u>	<u>41,435,762</u>
Net Capital Assets Being Depreciated	<u>29,858,839</u>	<u>1,044,186</u>	<u>-</u>	<u>30,903,025</u>
Capital Assets – Net	<u>\$ 80,645,857</u>	<u>\$ 2,701,389</u>	<u>\$ -</u>	<u>\$ 83,347,246</u>

Depletion/depreciation expense was charged to programs of the Chippewa County Road Commission as follows:

Total Depreciation Expense – Public Works \$ 2,870,348

Capital asset activity of the Economic Development Corporation year ended December 31, 2015 was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ 1,946,675	\$ -	\$ -	\$ 1,946,675

NOTE 4 - CAPITAL ASSETS (Continued)

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital assets being depreciated:</i>				
Vehicles	1,421,792	-	3,055	1,418,737
Improvements	22,235,847	1,725,773	3,233	23,958,387
Buildings	11,928,371	-	-	11,928,371
Equipment	4,781,033	150,000	-	4,931,033
Subtotal	<u>40,367,043</u>	<u>1,875,773</u>	<u>6,288</u>	<u>42,236,528</u>
<i>Less accumulated depreciation:</i>				
Vehicles	1,341,625	37,151	3,055	1,375,721
Improvements	7,877,595	1,001,739	3,233	8,876,101
Buildings	5,173,274	389,045	-	5,562,319
Equipment	3,800,598	181,276	-	3,981,874
Subtotal	<u>18,193,092</u>	<u>1,609,211</u>	<u>6,288</u>	<u>19,796,015</u>
Net Capital Assets Being Depreciated	<u>22,173,951</u>	<u>266,562</u>	<u>-</u>	<u>22,440,513</u>
Capital assets – Net	<u>\$ 24,120,626</u>	<u>\$ 266,562</u>	<u>\$ -</u>	<u>\$ 24,387,188</u>

Depreciation expense was charged to business-type activities for the Economic Development Corporation in the amount of \$1,609,211.

Capital assets activity for the Eastern Upper Peninsula Transportation Authority year ended September 30, 2015, was as follows:

	Beginning Balances	Additions/ Adjustments	Deductions/ Adjustments	Ending Balances
<i>Capital assets being depreciated:</i>				
EUPA Assets	\$ 1,805	\$ -	\$ -	\$ 1,805
Busing Assets	877,893	68,249	3,949	942,193
Ferry Assets	18,482,705	205,439	3,696	18,684,448
Subtotal	<u>19,362,403</u>	<u>273,688</u>	<u>7,645</u>	<u>19,628,446</u>
<i>Less accumulated depreciation for:</i>				
EUPA Assets	1,805	-	-	1,805
Busing Assets	582,831	90,719	3,949	669,601
Ferry Assets	10,357,437	618,295	3,574	10,972,158
Subtotal	<u>10,942,073</u>	<u>709,014</u>	<u>7,523</u>	<u>11,643,564</u>
Capital Assets - Net	<u>\$ 8,420,330</u>	<u>\$ (435,326)</u>	<u>\$ (122)</u>	<u>\$ 7,984,882</u>

Depreciation expense was charged to business-type activities for the Eastern Upper Peninsula Transportation Authority in the amount of \$709,014.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County of Chippewa reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, proprietary funds, and fiduciary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

		DUE TO	
		General Fund	
DUE FROM	Nonmajor Governmental Funds	\$	256,646
	Internal Service Funds		6,123
	Agency Funds		<u>2,104</u>
	Total	\$	<u>264,873</u>

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

TRANSFERS (OUT)

TRANSFERS IN	TRANSFERS (OUT)						
	General	Ambulance	Correctional Facility Maintenance	Nonmajor Governmental	Tax Collection	Nonmajor Enterprise	Totals
General	\$ 94,258	\$ -	\$ -	\$ 50,089	\$ 757,375	\$ 130,000	\$ 1,031,722
Nonmajor Governmental	383,059	162,676	610,000	139,815	-	35,000	1,330,550
Tax Collections	-	-	-	-	3,679,693	-	3,679,693
Component Units	<u>26,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,316</u>
Total	<u>\$ 503,633</u>	<u>\$ 162,676</u>	<u>\$ 610,000</u>	<u>\$ 189,904</u>	<u>\$ 4,437,068</u>	<u>\$ 165,000</u>	<u>\$ 6,068,281</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) moves receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 6 - LONG-TERM DEBT

The government issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amount levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received. Revenue bonds involve a pledge of specific income derived from the acquired or constructed assets to pay debt service.

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities							
2000 Chippewa Co. Water Supply System Bonds (Series A)	4.50%	2036	\$ 355,958	\$ -	\$ 10,000	\$ 345,958	\$ 11,000
2013 City of Sault Ste. Marie Refunding Bonds	2.00% to 4.50%	2029	6,685,000	-	310,000	6,375,000	325,000
2010 Chippewa County Refunding Bonds	2.0% to 4.0%	2018	1,575,000	-	410,000	1,165,000	365,000
2011 City of Sault Ste. Marie Refunding Bonds	2.0% to 3.63%	2022	3,330,000	-	500,000	2,830,000	425,000
2009 Chippewa County General Obligation Bonds	4.00%	2018	<u>790,000</u>	<u>-</u>	<u>185,000</u>	<u>605,000</u>	<u>195,000</u>
Total Governmental Activities			<u>\$12,735,958</u>	<u>\$ -</u>	<u>\$ 1,415,000</u>	<u>\$11,320,958</u>	<u>\$ 1,321,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 1,321,000	\$ 400,861
2017	1,626,000	360,541
2018	1,687,000	311,046
2019	637,000	251,754
2020	648,000	231,119
2021-2025	2,828,000	838,173
2026-2030	2,452,000	293,361
2031-2035	115,000	12,365
2036	<u>6,958</u>	<u>-</u>
Total	<u>\$ 11,320,958</u>	<u>\$ 2,699,220</u>

Interest expense of the primary government was unallocated in the amount of \$448,763.

NOTE 6 - LONG-TERM DEBT (Continued)

Vested Employee Benefits

The County's employment policies provide for vacation benefits to be earned in varying amounts depending on the employee's years of service.

	<u>Beginning Balances</u>	<u>Net (Deductions)/ Additions</u>	<u>Ending Balances</u>
Vested Employee Benefits	\$ 623,550	\$ 44,322	\$ 667,872

The annual vacation benefits earned by each employee during the current year are credited to the employee at year end. The accumulated sick leave earned by each employee during the current year is credited to each employee at year end that has three or more years of service. Non-union employees do not receive compensation for sick leave upon retirement or leaving employment.

A summary of vested employee benefits are as follows:

Vacation	\$ 276,697
Sick Leave	387,848
Other	<u>3,327</u>
TOTALS	<u>\$ 667,872</u>

The following is a summary of pertinent information concerning the County Road Commission's long-term debt.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment payable secured by Trucks, payable in monthly installments of \$10,494 including interest of 3.16%, due 2015.	\$ 28,184	\$ -	\$ 28,184	\$ -	\$ -
Installment payable secured by radios, payable in monthly installments of \$2,721 including interest of 1.69%, due 2016.	53,553	-	53,553	-	-
State Infrastructure Bank note payable general obligation, 0% interest, due June 2015.	550,000	-	550,000	-	-
Installment payable secured by trucks, payable in monthly installments of \$12,272 including interest of 1.89%, due 2020.	-	702,020	78,477	623,543	136,655

NOTE 6 - LONG-TERM DEBT (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment payable secured by equipment, payable in monthly installments of \$3,760 including interest of 2.75%, due 2020.	-	210,500	16,415	194,085	40,287
Installment payable secured by equipment, payable in monthly installments of \$4,026 including interest of 2.95%, due 2020.	-	228,350	10,984	217,366	42,469
Subtotal	631,737	1,140,870	737,613	1,034,994	<u>\$ 219,411</u>
Compensated Absences – net	<u>159,644</u>	-	<u>19,789</u>	<u>139,855</u>	
TOTAL LONG-TERM DEBT	<u>\$ 791,381</u>	<u>\$ 1,140,870</u>	<u>\$ 757,402</u>	<u>\$ 1,174,849</u>	

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 219,411	\$ 21,278	\$ 240,689
2017	224,409	16,280	240,689
2018	229,524	11,165	240,689
2019	234,761	5,928	240,689
2020	<u>126,889</u>	<u>1,067</u>	<u>127,956</u>
Total	<u>\$ 1,034,994</u>	<u>\$ 55,718</u>	<u>\$ 1,090,712</u>

NOTE 7 - RISK MANAGEMENT

The government 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 government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The County joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

The government continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The government is unable to provide an estimate of the amounts of additional assessments.

The County established the Self Insurance Fund (an internal service fund) to account for and finance its uninsured risks of loss. Health insurance is reinsured for claims exceeding \$50,000 in aggregate. All funds of the County participate in the program and make payments to the Fund based on estimates of the amounts needed to pay prior- and current-year claims.

NOTE 8 - CONTINGENT LIABILITIES

Grants

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2015.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

The County provides post retirement hospitalization to employees of the government pursuant to the terms of union contracts. Additionally, some elected County officials who served more than 20 years and are retired receive post retirement hospitalization, pursuant to Board of Commissioner’s resolution.

The Health Department provides post retirement health care insurance to retired employees; hired prior to May 1, 2008 for non-union and January 1, 2007 for union, of the government pursuant to the terms of the personnel policy for a group insurance plan.

Plan Description. The County administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees through the County’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the various agencies and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the County and employees at varying levels. The Health Department contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2015, the Health Department and EDC contributed \$327,018 and \$56,769 to the plan. The County contributed \$1,227,886 to the plan.

Annual OPEB Cost and Net OPEB Obligation. The County’s annual other post employment 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 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 County’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County’s net OPEB obligation to the Retiree Health Plan:

	<u>County</u>	<u>Health Department</u>	<u>EDC</u>
Annual required contribution	\$ 1,537,092	\$ 1,073,808	\$ 62,552
Interest on net OPEB obligation	<u>86,510</u>	<u>153,374</u>	<u>284</u>
Annual OPEB cost (expense)	1,623,602	1,227,182	62,836
Contributions made	<u>(1,227,886)</u>	<u>(327,018)</u>	<u>(56,769)</u>
Increase (decrease) in net OPEB obligation	395,716	900,164	6,067
Net OPEB obligation – beginning of year	<u>2,162,756</u>	<u>2,921,403</u>	<u>56,769</u>
Net OPEB obligation – end of year	<u>\$ 2,558,472</u>	<u>\$ 3,821,567</u>	<u>\$ 62,836</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2014 and 2015 are as follows:

Fiscal Year End	Annual OPEB Cost			Percentage of Annual OPEB Cost Contributed			Net OPEB Obligation		
	County	Health Dept.	EDC	County	Health Dept.	EDC	County	Health Dept.	EDC
	2013	\$ 1,537,526	\$ 972,731	\$ 40,157	238%	29%	124%	\$ 1,459,835	\$ 2,646,260
2014	\$ 1,620,164	\$ 1,221,925	\$ 56,769	57%	77%	71%	\$ 2,162,756	\$ 2,921,403	\$ 56,769
2015	\$ 1,623,602	\$ 1,227,182	\$ 62,836	77%	27%	90%	\$ 2,558,472	\$ 3,821,567	\$ 62,836

Funded status and Funding Progress. As of December 31, 2013, the actuarial accrued liability for County benefits was \$17,616,773, 81.6% of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$3,291,474, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 437%.

Actuarial valuation of an ongoing plan involves 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 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 the 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 member 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, 2013, actuarial valuation, the individual entry age actuarial cost method was used. The actuarial assumptions included a 5.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer’s own investments calculated based on the funded level of the plan at the valuation date, payroll growth rate of 4%, and an annual healthcare cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was equal to the reported market value. The UAAL is being amortized as a level dollar amount over a 30 year period.

Road Commission

In addition to the pension benefits, the Chippewa County Road Commission agrees to provide 100% of BC/BS and prescription drug coverage benefits to eligible retirees and/or their spouses who retire after February 1, 1985 and who were hired prior to February 1, 2005 until retiree’s death. If a retiree dies, the current spouse shall be provided the same coverage until attainment of Medicare eligibility. Upon attainment of Medicare eligibility the retiree’s spouse will be responsible for 100% of the cost of any medical coverage if they elect to stay in the group.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

For eligible retirees who were hired after February 1, 2005, the Chippewa County Road Commission agrees to pay a fixed percent of the premium for BC/BS and prescription drug coverage benefits based on years of service, but only until attainment of Medicare eligibility, at which time, 100% of premium shall be paid for by the retiree and or spouse if they elect to remain in the group.

Plan Description. The Road Commission administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides healthcare insurance for eligible retirees through the Road Commission’s group health insurance plan, which covers both active and retired members. Benefit provisions are established through negotiations between the Road Commission and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the Road Commission and employees. The Road Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2015, the Road Commission contributed \$1,369,648 to the plan. Total member contributions were \$34,900.

Annual OPEB Cost and Net OPEB Obligation. The Road Commission’s annual other post employment 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 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 Road Commission’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Road Commission’s net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 1,217,575
Interest on net OPEB obligation	<u>83,676</u>
Annual OPEB cost (expense)	1,301,251
Contributions made	<u>(1,369,648)</u>
Decrease in net OPEB obligation	(68,397)
Net OPEB obligation – beginning of year	<u>2,390,742</u>
Net OPEB obligation – end of year	<u>\$ 2,322,345</u>

The Road Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2013, 2014 and 2015 is as follows:

<u>Fiscal Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013	\$ 1,068,721	86%	\$ 2,376,931
2014	\$ 1,259,594	99%	\$ 2,390,742
2015	\$ 1,301,251	105%	\$ 2,322,345

Funded Status and Funding Progress. As of December 31, 2013, the actuarial accrued liability for benefits was \$22,606,011, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,882,015, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 784%.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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 this note, 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 the 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 member 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, 2013, actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 3.5% after ten years. Both rates included a percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis over a 27 year period. The mortality assumption used the RP2000 Mortality Combined Healthy Tables projected 20 years with the U.S. Projection Scale BB.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Primary Government

Description of Plan and Plan Assets

The County is in an agent multiple-employer defined benefit pension plan with the Municipal Employees' Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% and 2.5% for deputies times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

General Information about the Pension Plan

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

01 – Gnrl Other: Closed to new hires, linked to Division HF

	<u>2014 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

02 – Sheriff: Closed to new hires, linked to Division HB

	<u>2014 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

11 – Hlth Dept: Closed to new hires, linked to Division HD

	<u>2014 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

15 – Non-Un: Closed to new hires, linked to Division HE

	<u>2014 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

16 – General Non-Union: Closed to new hires, linked to Division HC

	<u>2014 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

20 – Sheriff Road Division: Closed to new hires, linked to Division HA

	<u>2014 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
	55/20
Early Retirement (Reduced):	50/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HA – Sheriff Rd New Hires: Open Division, Linked to Division 20

	<u>2014 Valuation</u>
Benefit Multiplier:	Hybrid Plan – 100% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

HB – Sheriff hired after 5/1/10: Open Division, Linked to Division 02

	<u>2014 Valuation</u>
Benefit Multiplier:	Hybrid Plan – 100% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

HC – General Non-Un hired af 5/1/10: Open Division, Linked to Division 16

	<u>2014 Valuation</u>
Benefit Multiplier:	Hybrid Plan – 100% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

HD – Teamstrs after 4/1/11: Open Division, Linked to Division 11

	<u>2014 Valuation</u>
Benefit Multiplier:	Hybrid Plan – 100% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HE – Non-Union after 4/1/2011: Open Division, Linked to Division 15

	<u>2014 Valuation</u>
Benefit Multiplier:	Hybrid Plan – 100% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 3/15/1974)

HF – General Other after 04/01/12: Open Division, Linked to Division 01

	<u>2014 Valuation</u>
Benefit Multiplier:	Hybrid Plan – 100% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	140
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>157</u>
	328

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the County’s competitive bargaining unit and personnel policy, which do not require employees to contribute to the plan. The County is required to contribute at an actuarially determined rate.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The contribution rate as a percentage of payroll or estimated monthly contributions at December 31, 2015 are as follows:

General – Other	21.87%
Sheriff	15.52%
Health Department	16.23%
Economic – General	\$ 2,278
Non-Union	13.72%
General – Non-Union	13.66%
Sheriff – Road	16.65%
Sheriff – Road new hire	16.65%
Sheriff – Hired after 5/1/10	15.52%
General – Non-Union hired after 5/1/10	13.66%
Teamsters – Hired after 4/1/11	16.23%
Non-Union – Hired after 4/1/11	13.72%
General Other – Hired after 4/1/12	21.87%

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

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

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015 and will be 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 36,786,617	\$ 26,606,797	\$ 10,179,820
Service cost	688,332	-	688,332
Interest on total pension liability	2,979,321	-	2,979,321
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	1,169,588	(1,169,588)
Employee contributions	-	127,301	(127,301)
Net investment income	-	264,835	(264,835)
Benefit payments, including employee refunds	(2,035,612)	(2,035,612)	-
Administrative expense	-	(58,964)	58,964
Other changes	(48,905)	-	(48,905)
Net changes	1,583,136	(532,852)	2,115,988
Balances at December 31, 2015	\$ 38,369,753	\$ 26,073,945	\$ 12,295,808

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 8.25% , as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
County’s net pension liability	\$16,499,274	\$12,295,808	\$8,715,090

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended December 31, 2015, the County recognized pension expense of \$1,656,870. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	1,509,468	-
Contributions subsequent to the measurement date	230,720	-
Total	\$ 1,740,188	\$ -

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

<u>Year Ended December 31:</u>	
2016	\$ 377,367
2017	377,367
2018	377,367
2019	377,367

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Annual Pension Cost

During the fiscal year ended December 31, 2015, the County’s contributions totaling \$1,169,588 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2013. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 26 years.

Road Commission

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplies by the sum of 2.25% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2014.

General Information about the Pension Plan

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

01 – General: Closed Division	
	2014 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/20/1970)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

02 – General: Open Division	
	2014 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	2%
Act 88:	Yes (Adopted 2/1/2004)

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	80
Inactive employees entitled to but not yet receiving benefits	5
Active employees	65
	150

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission’s competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined blended rate for 2015 of 24.39% of payroll.

Net Pension Liability

The Road Commission’s net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Inflation	3.0 to 4.0 percent
Salary increases	4.5 percent, average, including inflation
Investment rate of return	8.0 percent

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2015 and will be 8.0% in 2016 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2014	\$ 17,396,538	\$ 9,571,879	\$ 7,824,659
Service cost	281,858	-	281,858
Interest on total pension liability	1,397,298	-	1,397,298
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	685,503	(685,503)
Employee contributions	-	32,043	(32,043)
Net investment income	-	(139,106)	139,106
Benefit payments, including employee refunds	(1,201,033)	(1,201,033)	-
Administrative expense	-	(20,530)	20,530
Other changes	(1,078)	-	(1,078)
Net changes	477,045	(643,123)	1,120,168
Balances as of December 31, 2015	\$ 17,873,583	\$ 8,928,756	\$ 8,944,827

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Road Commission, calculated using the discount rate of 8.25% , as well as what the Road Commission’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Road Commission’s net pension liability	\$10,744,290	\$8,944,827	\$7,404,037

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued MERS financial report.

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

For the year ended December 31, 2015, the Road Commission recognized pension expense of \$1,079,275. At December 31, 2015, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	726,396	-
Total	\$ 726,396	\$ -

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

<u>Year Ended December 31:</u>	
2016	\$ 181,599
2017	181,599
2018	181,599
2019	181,599

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Annual Pension Cost

During the year ended December 31, 2015, the Road Commission’s contributions totaling \$685,503 were made in accordance with contribution requirement determined by an actuarial valuation of the plan as of December 31, 2013. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required to normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member’s retirement to pay for his projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. The unfunded actuarial liability is amortized as a level percent of payroll on a closed basis. The remaining amortization period is 24 years.

Eastern Upper Peninsula Transportation Authority

Description of Plan and Plan Assets

The Authority is in the Municipal Employees’ Retirement System (MERS), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for units of local government in Michigan. The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. All full-time employees become a member of the System on the first day of employment, and are completely vested after 10 years of service. Service retirement allowances are based upon percentages ranging from 1 to 2.5 percent of 3 to 5-year final average compensation depending on benefit program selected and social security coverage, etc. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2014.

General Information about the Pension Plan

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

01 – General: Open Division	
	2014 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
Member Contributions:	0%
Act 88:	No

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

10 – Busing Union: Open Division	
	2014 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
Member Contributions:	0%
Act 88:	No

Employees Covered by Benefit Term. At the December 31st 2014 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	24
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>19</u>
	46

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions are 36.88% for General and 130.06% for Busing.

Net Pension Asset. The employer’s Net Pension Liability was measured as of December 31, 2014, and the total pension liability used to calculate the Net Pension Asset was determined by an annual actuarial valuation as of that date.

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

Inflation: 3%-4%

Salary Increases: 4.5% in the long-term (1%, 2% and 3% for calendar years 2014, 2015 and 2016, respectively)

Investment rate of return: 8.0%, net of investment expense, including inflation

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

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

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.5%	5.02%
Global Fixed Income	20.0%	2.18%
Real Assets	12.5%	4.23%
Diversifying Strategies	10.0%	6.56%

Discount Rate. The discount rate used to measure the total pension liability is 8.25% for 2014 and will be 8% in 2015 and thereafter. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary Net Position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2013	\$ 9,648,980	\$ 4,984,429	\$ 4,664,551
Service cost	123,309	-	123,309
Interest on total pension liability	754,733	-	754,733
Changes in benefits	-	-	-
Difference between expected and actual experience	-	-	-
Changes in assumptions	-	-	-
Employer contributions	-	348,108	(348,108)
Employee contributions	-	-	-
Net investment income	-	310,000	(310,000)
Benefit payments, including employee refunds	(552,948)	(552,948)	-
Administrative expense	-	(11,341)	11,341
Other changes	23,586	-	23,586
Net changes	348,680	93,819	254,861
Balances as of December 31, 2014	\$ 9,997,660	\$ 5,078,248	\$ 4,919,412

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the employer, calculated using the discount rate of 8.25% , as well as what the employer’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.25%) or 1-percentage-point higher (9.25%) than the current rate:

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
Calculated Net Pension Liability	\$6,039,381	\$4,919,412	\$3,970,623

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

For the year ended September 30, 2015, the employer recognized pension expense of \$538,883. The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in experience	\$ -	\$ -
Differences in assumptions	-	-
Excess (Deflict) Investment Returns	64,086	-
Contributions subsequent to the measurement date	297,716	-
Total	\$ 361,802	\$ -

The amount reports as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2015.

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

<u>Year Ended September 30:</u>	
2015	\$ 16,021
2016	16,021
2017	16,022
2018	16,022

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Annual Pension Cost

During the fiscal year ended September 30, 2015, the Authority's contributions totaling \$348,108 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2013. The employer contribution rate has been determined based on the entry age normal funding method. Under the entry age normal cost funding method, the total employer contribution is comprised of the normal cost plus the level annual percentage of payroll payment required amortizing the unfunded actuarial accrued liability over 30 years. The employer normal cost is, for each employee, the level percentage of payroll contribution (from entry age to retirement) required to accumulate sufficient assets at the member's retirement to pay for this projected benefit. Significant actuarial assumptions used include a long-term investment yield rate of 8 percent and annual salary increases of 4.5 percent based on an age-related scale to reflect merit, longevity, and promotional salary increases. Employees of the Authority are not required to contribute to the plan.

NOTE 11 - DEFERRED COMPENSATION PLAN

Chippewa County offers all employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The assets of the plan were held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof of the exclusive benefit of the participants holds the custodial account for the beneficiaries of this Section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in Chippewa County's financial statements.

NOTE 12 - WATER FUND – RESTRICTED CASH

	<u>December 31, 2015</u>	
	<u>Required Balance</u>	<u>Actual Balance</u>
Bond Reserves		
Water Supply System Revenue Bond Series 2000	\$ 34,600	\$ 34,600

NOTE 13 - RESTATEMENT

	<u>Governmental Activities</u>	<u>Component Units</u>
Beginning net position as previously reported at January 1, 2015	\$ 4,279,418	\$ 115,455,460
Restatement of beginning net position – implementation of GASB 68: Net pension liability (measurement date) and Contributions to beginning of fiscal year	<u>(10,179,820)</u>	<u>(12,523,649)</u>
Net position as restated, January 1, 2015	<u>\$ 5,900,402</u>	<u>\$ 102,931,811</u>

NOTE 14 - FUND BALANCES

	General	Health Department	Chippewa County Recycle	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Nonmjo Governmental	Total
Nonspendable:								
Prepaid Items and Inventory	\$ 53,364	\$ 42,320	\$ -	\$ -	\$ -	\$ -	\$ 36,806	\$ 132,490
Restricted for:								
Public Safety	-	-	-	-	-	683,375	78,054	761,429
Pubic Works	-	-	181,129	-	-	-	-	181,129
Health and Welfare	-	-	-	71	618	-	124,958	125,647
Bond Retirement	-	-	-	-	-	-	42,595	42,595
Committed:								
General Government	-	203,032	-	-	-	-	-	203,032
Public Works	-	-	-	-	-	-	7,503	7,503
Assigned:								
Judicial	-	-	-	-	-	-	14,542	14,542
General Government	204,780	-	-	-	-	-	81,363	286,143
Public Safety	-	-	-	-	-	-	234,042	234,042
Health and Welfare	-	712,475	-	-	-	-	234,255	946,730
Economic Development	-	-	-	-	-	-	81,818	81,818
Public Works	-	-	-	-	-	-	39,925	39,925

Required Supplementary Information

**Employee Retirement System
Schedule of Funding Progress
For the Year Ended December 31, 2015**

	2015
Total pension liability	
Service cost	\$ 688,332
Interest	2,979,321
Benefit payments, including refund of member contributions	(2,035,612)
Other Changes	(48,905)
Net change in total pension liability	1,583,136
Total pension liability - beginning	36,786,617
Total pension liability - ending	\$ 38,369,753
Plan fiduciary net position	
Contributions - employer	\$ 1,169,588
Contributions - employee	127,301
Net investment income	264,835
Benefit payments, including refunds of member contributions	(2,035,612)
Administrative expense	(58,964)
Net change in plan fiduciary net position	(532,852)
Plan fiduciary net position - beginning	26,606,797
Plan fiduciary net position - ending	\$ 26,073,945
County's net pension liability - ending	\$ 12,295,808
Plan fiduciary net position as a percentage of the total pension liability	68%
Covered - employee payroll	\$ 7,240,587
County's net pension liability as a percentage of covered-employee payroll	170%
Annual money-weighted rate of return, net of investment expense	6%

**Employee Retirement System
Schedule of Funding Progress
For the Year Ended December 31, 2015**

	<u>2015</u>
Actuarially determined contribution	\$ 1,181,603
Contributions in relation to the actuarially determined contribution	<u>(1,169,588)</u>
Contribution deficiency (excess)	<u>\$ 12,015</u>
Covered - employee payroll	\$ 4,907,159
Contributions as a percentage of covered-employee payroll	24%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of December 31st, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	5-years smoothed market
Inflation	4.50%
Salary increases	4.5%, average, including inflation
Investment rate of return	8.00%
Retirement age	In the 2014 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Assumptions were based on the 1994 Group Annuity Mortality Table - Blended 50% Male / 50% Female

County of Chippewa, Michigan

**Employee Retirement and Benefit Systems
Schedule of Funding Progress
December 31, 2015**

Health Plan:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percent of Covered Payroll ((b - a) / c)</u>
<i>Primary Government</i>						
2007	\$ -	\$ 10,569,337	\$ 10,569,337	0.0%	Not Available	-
2010	\$ -	\$ 15,554,524	\$ 15,554,524	0.0%	\$ 4,447,849	350%
2013	\$ 3,247,516	\$ 17,616,773	\$ 14,369,257	18.4%	\$ 3,291,474	437%
<i>Road Commission</i>						
2008	\$ -	\$ 16,347,444	\$ 16,347,444	0.0%	Not Available	-
2010	\$ -	\$ 20,182,222	\$ 20,182,222	0.0%	\$ 2,432,164	830%
2013	\$ -	\$ 22,606,011	\$ 22,606,011	0.0%	\$ 2,882,015	784%
<i>Chippewa County Health Department</i>						
2007	\$ -	\$ 3,589,013	\$ 3,589,013	0.0%	Not Available	-
2010	\$ -	\$ 10,325,553	\$ 10,325,553	0.0%	Not Available	-
2013	\$ -	\$ 12,222,665	\$ 12,222,665	0.0%	Not Available	-
<i>Chippewa County EDC</i>						
2007	\$ -	\$ 384,355	\$ 384,355	0.0%	Not Available	-
2010	\$ 89,000	\$ 872,253	\$ 783,253	10.2%	\$ 144,976	540%
2013	\$ 186,270	\$ 1,481,858	\$ 1,295,588	12.6%	\$ 45,511	2,847%

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 6,896,193	\$ 6,896,193	\$ 6,953,088	\$ 56,895
License and Permits	93,500	93,500	80,341	(13,159)
Federal Sources	341,476	419,020	422,361	3,341
State Sources	2,182,423	2,104,880	1,917,936	(186,944)
Local Sources	215,000	215,000	153,453	(61,547)
Charges for Services	1,762,212	1,760,512	1,335,090	(425,422)
Interest and Rentals	29,000	30,700	39,653	8,953
Fines and Forfeitures	83,700	83,700	83,083	(617)
Other Revenue	121,250	121,250	182,263	61,013
TOTAL REVENUES	11,724,754	11,724,755	11,167,268	(557,487)
EXPENDITURES:				
Legislative:				
Board of Commissioners	76,779	101,779	93,047	8,732
Judicial:				
Juvenile Court	430,898	447,398	447,171	227
Circuit Court	452,242	471,242	465,800	5,442
District Court	588,003	588,003	581,812	6,191
Friend of the Court	384,907	387,407	387,238	169
Jury Board	4,687	5,187	4,657	530
Probate Court	435,888	439,888	439,655	233
Public Defender	292,760	300,760	289,832	10,928
Bailiff	43,363	55,363	51,503	3,860
Total Judicial	2,632,748	2,695,248	2,667,668	27,580
General Government:				
Administrator	251,716	276,716	264,503	12,213
Information Systems	365,822	355,822	354,880	942
Elections	47,473	47,473	36,057	11,416
County Clerk	293,931	298,931	292,547	6,384
Equalization	203,185	208,185	203,132	5,053
Prosecuting Attorney	532,672	527,272	508,055	19,217
Support Coordinator	93,604	101,204	100,665	539
Crime Victim Advocate	71,926	71,926	61,992	9,934
Remonumentation	163,712	163,712	148,798	14,914
Register of Deeds	290,118	307,118	300,030	7,088
Treasurer	307,866	312,866	307,585	5,281
Cooperative Extension	105,914	110,915	108,712	2,203
Buildings and Grounds	279,463	314,463	293,369	21,094
Health Set Aside	-	760,000	757,375	2,625
Drain Commission	16,370	16,370	15,709	661
Soil Conservation District	26,000	26,000	26,000	-
Surveyor	34,231	36,231	34,088	2,143
Total General Government	3,084,003	3,935,204	3,813,497	121,707

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
Public Safety:				
Sheriff	1,215,182	1,215,182	1,135,737	79,445
Concealed Weapons Board	18,261	18,261	17,015	1,246
Marine	16,000	16,000	12,016	3,984
Correctional Facility	2,416,341	2,416,341	2,386,164	30,177
Regional Planning Commission	48,200	48,200	48,200	-
Trident Task Force	87,498	97,497	87,162	10,335
Snowmobile Patrol Grant	40,000	40,000	14,872	25,128
O.R.V. Grant	28,000	28,000	15,689	12,311
Animal Control	205,483	205,483	195,369	10,114
Total Public Safety	4,074,965	4,084,964	3,912,224	172,740
Health and Welfare:				
Substance Abuse	159,234	159,234	105,699	53,535
Medical Examiner	65,000	80,000	63,618	16,382
Health Department Tax	1,000	1,000	-	1,000
Veterans Affairs	65,065	65,065	59,093	5,972
Total Health and Welfare	290,299	305,299	228,410	76,889
Other Expenditures:				
Retirees Hospitalization	446,200	471,200	470,511	689
Insurance	200,000	211,000	209,049	1,951
Legal Services	5,000	5,000	2,768	2,232
Audit	28,000	28,000	28,000	-
Telephone	60,860	60,860	59,149	1,711
Postage Meter	3,000	3,000	2,606	394
Record Copier	10,000	13,000	11,217	1,783
Cost Allocation Plan	3,000	3,500	3,500	-
Appropriations	321,530	381,196	352,008	29,188
Total Other Expenditures	1,077,590	1,176,756	1,138,808	37,948
Capital Outlay:				
Computer and Building	36,813	226,103	170,089	56,014
Vehicle	43,800	52,800	51,150	1,650
Total Capital Outlay	80,613	278,903	221,239	57,664
TOTAL EXPENDITURES	11,316,997	12,578,153	12,074,893	503,260

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXCESS OF REVENUES OVER EXPENDITURES	407,757	(853,398)	(907,625)	(54,227)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	265,780	946,176	1,031,722	85,546
Operating Transfers Out	(665,666)	(660,617)	(503,633)	156,984
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,871</u>	<u>\$ (567,839)</u>	(379,536)	<u>\$ 188,303</u>
FUND BALANCE, JANUARY 1			<u>4,343,772</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 3,964,236</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Health Department
For the Year Ended September 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ -	\$ -	\$ 735,740	\$ 735,740
State Sources	1,361,921	1,207,696	273,269	(934,427)
Local Sources	-	-	212,021	212,021
Charges for Services	5,020,443	4,944,223	4,903,462	(40,761)
Interest and Rentals	-	-	29	29
Other Revenue	371,884	401,503	402,184	681
TOTAL REVENUES	<u>6,754,248</u>	<u>6,553,422</u>	<u>6,526,705</u>	<u>(26,717)</u>
EXPENDITURES:				
Health and Welfare	6,754,248	6,553,603	6,526,331	27,272
TOTAL EXPENDITURES	<u>6,754,248</u>	<u>6,553,603</u>	<u>6,526,331</u>	<u>27,272</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (181)</u>	374	<u>\$ 555</u>
FUND BALANCE, OCTOBER 1			<u>1,996,731</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 1,997,105</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Chippewa County Recycling
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 538,349	\$ 538,349	\$ 544,897	\$ 6,548
TOTAL REVENUES	<u>538,349</u>	<u>538,349</u>	<u>544,897</u>	<u>6,548</u>
EXPENDITURES:				
Public Works	747,068	747,068	632,800	114,268
TOTAL EXPENDITURES	<u>747,068</u>	<u>747,068</u>	<u>632,800</u>	<u>114,268</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (208,719)</u>	<u>\$ (208,719)</u>	(87,903)	<u>\$ 120,816</u>
FUND BALANCE, JANUARY 1			<u>269,032</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 181,129</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Ambulance
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 460,289	\$ 465,000	\$ 464,796	\$ (204)
TOTAL REVENUES	460,289	465,000	464,796	(204)
EXPENDITURES:				
Health and Welfare	460,289	465,000	302,112	162,888
TOTAL EXPENDITURES	460,289	465,000	302,112	162,888
EXCESS OF REVENUES OVER EXPENDITURES	-	-	162,684	162,684
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	-	-	(162,676)	(162,676)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ -	\$ -	8	\$ 8
FUND BALANCE, JANUARY 1			610	
FUND BALANCE, DECEMBER 31			\$ 618	

Required Supplementary Information
Budgetary Comparison Schedule
Senior Nutrition Program
For the Year Ended December 31, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 537,703	\$ 542,800	\$ 542,825	\$ 25
TOTAL REVENUES	<u>537,703</u>	<u>542,800</u>	<u>542,825</u>	<u>25</u>
EXPENDITURES:				
Health and Welfare	537,703	542,800	542,754	46
TOTAL EXPENDITURES	<u>537,703</u>	<u>542,800</u>	<u>542,754</u>	<u>46</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	71	<u>\$ 71</u>
FUND BALANCE, JANUARY 1			<u>-</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 71</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Correctional Facility Maintenance
For the Year Ended December 31, 2015**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 646,019	\$ 646,019	\$ 653,185	\$ 7,166
Interest and Rentals	4,500	4,500	4,056	(444)
TOTAL REVENUES	650,519	650,519	657,241	6,722
EXPENDITURES:				
Public Safety	14,000	20,000	19,757	243
TOTAL EXPENDITURES	14,000	20,000	19,757	243
EXCESS OF REVENUES OVER EXPENDITURES	636,519	630,519	637,484	6,965
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(609,075)	(610,000)	(610,000)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$ 27,444	\$ 20,519	27,484	\$ 6,965
FUND BALANCE, JANUARY 1			655,891	
FUND BALANCE, DECEMBER 31			\$ 683,375	

Other Information

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Building Maintenance	Health Set Aside	Totals
ASSETS:								
Cash and Investments - Unrestricted	\$ 2,973,315	\$ 5,440	\$ 5,595	\$ 3,975	\$ 1,273	\$ 201,243	\$ -	\$ 3,190,841
Receivables:								
Accounts	32,752	-	-	-	-	-	-	32,752
Taxes	562,276	-	-	-	-	-	-	562,276
Interest	3,096	-	-	-	-	-	-	3,096
Due from Other Funds	264,873	-	-	-	-	-	-	264,873
Due from Governmental Units	264,570	-	-	-	-	-	-	264,570
Prepaid Items	53,364	-	-	-	-	-	-	53,364
TOTAL ASSETS	\$ 4,154,246	\$ 5,440	\$ 5,595	\$ 3,975	\$ 1,273	\$ 201,243	\$ -	\$ 4,371,772
LIABILITIES:								
Accounts Payable	\$ 94,981	\$ 270	\$ -	\$ -	\$ -	\$ 4,570	\$ -	\$ 99,821
Due to Governmental Units	-	3,911	-	-	-	-	-	3,911
Accrued Liabilities	227,647	20	-	3,975	-	-	-	231,642
Unearned Revenue	72,162	-	-	-	-	-	-	72,162
TOTAL LIABILITIES	394,790	4,201	-	3,975	-	4,570	-	407,536
FUND BALANCES:								
Nonspendable	53,364	-	-	-	-	-	-	53,364
Assigned	-	1,239	5,595	-	1,273	196,673	-	204,780
Unassigned	3,706,092	-	-	-	-	-	-	3,706,092
TOTAL FUND BALANCES	3,759,456	1,239	5,595	-	1,273	196,673	-	3,964,236
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,154,246	\$ 5,440	\$ 5,595	\$ 3,975	\$ 1,273	\$ 201,243	\$ -	\$ 4,371,772

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - General Funds
For the Year Ended December 31, 2015**

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Building Maintenance	Health Set Aside	Totals
REVENUES:								
Taxes	\$ 6,953,088	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,953,088
Licenses and Permits	80,341	-	-	-	-	-	-	80,341
Federal Sources	422,361	-	-	-	-	-	-	422,361
State Sources	1,917,936	-	-	-	-	-	-	1,917,936
Local Sources	153,453	-	-	-	-	-	-	153,453
Charges for Services	1,334,974	-	-	-	116	-	-	1,335,090
Interest and Rentals	38,840	813	-	-	-	-	-	39,653
Fines and Forfeitures	83,083	-	-	-	-	-	-	83,083
Other Revenue	180,937	326	1,000	-	-	-	-	182,263
TOTAL REVENUES	11,165,013	1,139	1,000	-	116	-	-	11,167,268
EXPENDITURES:								
Legislative	93,047	-	-	-	-	-	-	93,047
Judicial	2,667,668	-	-	-	-	-	-	2,667,668
General Government	3,056,122	-	-	-	-	16,858	757,375	3,830,355
Public Safety	3,825,062	-	-	87,162	-	-	-	3,912,224
Health and Welfare	228,410	-	-	-	-	-	-	228,410
Capital Outlay	111,152	-	7,350	-	-	85,879	-	204,381
Other Expenditures	1,138,808	-	-	-	-	-	-	1,138,808
TOTAL EXPENDITURES	11,120,269	-	7,350	87,162	-	102,737	757,375	12,074,893
EXCESS (DEFICIENCY) OF								
REVENUES OVER EXPENDITURES	44,744	1,139	(6,350)	(87,162)	116	(102,737)	(757,375)	(907,625)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	187,185	-	-	87,162	-	-	757,375	1,031,722
Operating Transfers Out	(501,401)	(2,232)	-	-	-	-	-	(503,633)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER								
FINANCING SOURCES OVER EXPENDITURES	(269,472)	(1,093)	(6,350)	-	116	(102,737)	-	(379,536)
AND OTHER FINANCING USES								
FUND BALANCES, JANUARY 1	4,028,928	2,332	11,945	-	1,157	299,410	-	4,343,772
FUND BALANCES, DECEMBER 31	\$ 3,759,456	\$ 1,239	\$ 5,595	\$ -	\$ 1,273	\$ 196,673	\$ -	\$ 3,964,236

	Special Revenue Funds							
	50th Circuit Court	Drug Court	Construction Code	HUD Grant	Family Counseling	Operation Stonegarden	Animal Control Millage	Bench Warrant
ASSETS:								
Cash and Investments - Unrestricted	\$ 12,359	\$ -	\$ 5,012	\$ 81,818	\$ 150	\$ 1,879	\$ 125,271	\$ -
Taxes Receivable	-	-	-	-	-	-	107,133	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	10,016	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 12,359</u>	<u>\$ 10,016</u>	<u>\$ 5,012</u>	<u>\$ 81,818</u>	<u>\$ 150</u>	<u>\$ 1,879</u>	<u>\$ 232,404</u>	<u>\$ -</u>
LIABILITIES:								
Due to Other Funds	\$ -	\$ 6,868	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	156	3,055	1,034	-	-	-	313	-
Accrued Liabilities	-	93	3,978	-	-	1,879	-	-
TOTAL LIABILITIES	<u>156</u>	<u>10,016</u>	<u>5,012</u>	<u>-</u>	<u>-</u>	<u>1,879</u>	<u>313</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	107,133	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	124,958	-
Committed	-	-	-	-	-	-	-	-
Assigned	12,203	-	-	81,818	150	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>12,203</u>	<u>-</u>	<u>-</u>	<u>81,818</u>	<u>150</u>	<u>-</u>	<u>124,958</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,359</u>	<u>\$ 10,016</u>	<u>\$ 5,012</u>	<u>\$ 81,818</u>	<u>\$ 150</u>	<u>\$ 1,879</u>	<u>\$ 232,404</u>	<u>\$ -</u>

	Special Revenue Funds							
	FOC Child Support	Community Service	Superior Twp 2000 Improvements Maintenance	Office of Community Correction	Register of Deeds Automation	Drug Forfeiture	CCSD Salvage Vehicle	Secondary Road Patrol
ASSETS:								
Cash and Investments - Unrestricted	\$ 90,445	\$ 7,592	\$ 39,925	\$ 110,986	\$ 82,585	\$ 28,331	\$ 5,793	\$ -
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	40	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	1,106	-	-	-	41,497
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 90,485</u>	<u>\$ 7,592</u>	<u>\$ 39,925</u>	<u>\$ 112,092</u>	<u>\$ 82,585</u>	<u>\$ 28,331</u>	<u>\$ 5,793</u>	<u>\$ 41,497</u>
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,868
Accounts Payable	-	28	-	5,479	1,222	218	-	-
Accrued Liabilities	-	910	-	3,533	-	-	-	3,629
TOTAL LIABILITIES	<u>-</u>	<u>938</u>	<u>-</u>	<u>9,012</u>	<u>1,222</u>	<u>218</u>	<u>-</u>	<u>41,497</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	90,485	6,654	39,925	103,080	81,363	28,113	5,793	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>90,485</u>	<u>6,654</u>	<u>39,925</u>	<u>103,080</u>	<u>81,363</u>	<u>28,113</u>	<u>5,793</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 90,485</u>	<u>\$ 7,592</u>	<u>\$ 39,925</u>	<u>\$ 112,092</u>	<u>\$ 82,585</u>	<u>\$ 28,331</u>	<u>\$ 5,793</u>	<u>\$ 41,497</u>

	Special Revenue Funds							
	Concealed Weapons	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	War Memorial Agreement	Road Patrol Overtime	Law Library	Youth Alcohol
ASSETS:								
Cash and Investments - Unrestricted	\$ 7,342	\$ 7,651	\$ 28,155	\$ 11,397	\$ 15,817	\$ 17,977	\$ 2,339	\$ -
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	3,462	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 7,342</u>	<u>\$ 7,651</u>	<u>\$ 28,155</u>	<u>\$ 11,397</u>	<u>\$ 15,817</u>	<u>\$ 21,439</u>	<u>\$ 2,339</u>	<u>\$ -</u>
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	500	-	36	-	-
Accrued Liabilities	-	-	-	-	-	863	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>-</u>	<u>899</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	7,342	7,651	28,155	10,897	15,817	20,540	2,339	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	<u>7,342</u>	<u>7,651</u>	<u>28,155</u>	<u>10,897</u>	<u>15,817</u>	<u>20,540</u>	<u>2,339</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 7,342</u>	<u>\$ 7,651</u>	<u>\$ 28,155</u>	<u>\$ 11,397</u>	<u>\$ 15,817</u>	<u>\$ 21,439</u>	<u>\$ 2,339</u>	<u>\$ -</u>

	Special Revenue Funds							
	Seat Belt	Animal Shelter Donations	Highway Safety	Chippewa County DHS Appropriation	DHS Child Care	Probate Child Care	Veteran's Trust	Emergency Telephone Service
ASSETS:								
Cash and Investments - Unrestricted	\$ -	\$ 76,348	\$ -	\$ 211	\$ 80,119	\$ -	\$ -	\$ 34,932
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	15	-	-	-	-	-	117,030
Due from Governmental Units	-	-	-	-	-	45,721	4,438	41,788
Prepaid Items	-	-	-	947	-	-	-	35,859
TOTAL ASSETS	\$ -	\$ 76,363	\$ -	\$ 1,158	\$ 80,119	\$ 45,721	\$ 4,438	\$ 229,609
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,615	\$ 1,765	\$ 200,530
Accounts Payable	-	711	-	-	15,035	36,106	-	2,819
Accrued Liabilities	-	-	-	-	-	-	-	26,260
TOTAL LIABILITIES	-	711	-	-	15,035	45,721	1,765	229,609
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	947	-	-	-	35,859
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	75,652	-	211	65,084	-	2,673	-
Unassigned	-	-	-	-	-	-	-	(35,859)
TOTAL FUND BALANCES	-	75,652	-	1,158	65,084	-	2,673	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ -	\$ 76,363	\$ -	\$ 1,158	\$ 80,119	\$ 45,721	\$ 4,438	\$ 229,609

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2015**

	Special Revenue Fund	Debt Service Funds						
	Office of Emergency Service	2013 Refunding Debt	2011 Refunding Debt	2010 City Water and Sewer	Superior Township 2000 Improvement Bond Reserve	Superior Township Improvements Debt	New Jail Debt	Avery Square Bond Retirement
ASSETS:								
Cash and Investments - Unrestricted	\$ 93,154	\$ -	\$ -	\$ -	\$ 34,600	\$ -	\$ -	\$ 7,995
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	1,274	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 94,428	\$ -	\$ -	\$ -	\$ 34,600	\$ -	\$ -	\$ 7,995
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	13,781	-	-	-	-	-	-	-
Accrued Liabilities	2,593	-	-	-	-	-	-	-
TOTAL LIABILITIES	16,374	-	-	-	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	78,054	-	-	-	34,600	-	-	7,995
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
TOTAL FUND BALANCES	78,054	-	-	-	34,600	-	-	7,995
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 94,428	\$ -	\$ -	\$ -	\$ 34,600	\$ -	\$ -	\$ 7,995

	Capital Project Fund	
	Hakola-Ross Drainage	Totals
ASSETS:		
Cash and Investments - Unrestricted	\$ 7,503	\$ 1,017,686
Taxes Receivable	-	107,133
Accounts Receivable	-	117,085
Due from Governmental Units	-	149,302
Prepaid Items	-	36,806
TOTAL ASSETS	\$ 7,503	\$ 1,428,012
LIABILITIES:		
Due to Other Funds	\$ -	\$ 256,646
Accounts Payable	-	80,493
Accrued Liabilities	-	43,738
TOTAL LIABILITIES	-	380,877
DEFERRED INFLOWS OF RESOURCES:		
Taxes Levied for a Subsequent Period	-	107,133
FUND BALANCES:		
Nonspendable	-	36,806
Restricted	-	245,607
Committed	7,503	7,503
Assigned	-	685,945
Unassigned	-	(35,859)
TOTAL FUND BALANCES	7,503	940,002
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 7,503	\$ 1,428,012

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

	Special Revenue Funds							
	50th Circuit Court	Drug Court	Construction Code	HUD Grant	Family Counseling	Operation Stonegarden	Animal Control Millage	Bench Warrant
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,814	\$ -
Federal Sources	-	15,448	-	30,655	-	42,082	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	-	-	58,911	-	-	-	-
Charges for Services	10,635	900	73,196	-	3,090	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	22,907	-	-	-	-
TOTAL REVENUES	10,635	16,348	73,196	112,473	3,090	42,082	107,814	-
EXPENDITURES:								
Judicial	7,593	18,566	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	42,082	-	-
Public Works	-	-	100,329	-	-	-	-	-
Health and Welfare	-	-	-	-	3,120	-	45,975	-
Community/Economic Development	-	-	-	40,862	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	7,593	18,566	100,329	40,862	3,120	42,082	45,975	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,042	(2,218)	(27,133)	71,611	(30)	-	61,839	-
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	2,218	27,133	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	(7,096)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	3,042	-	-	71,611	(30)	-	61,839	(7,096)
FUND BALANCES, JANUARY 1	9,161	-	-	10,207	180	-	63,119	7,096
FUND BALANCES, DECEMBER 31	<u>\$ 12,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81,818</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 124,958</u>	<u>\$ -</u>

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

	Special Revenue Funds							
	FOC Child Support	Community Service	Superior Twp 2000 Improvements Maintenance	Office of Community Correction	Register of Deeds Automation	Drug Forfeiture	CCSD Salvage Vehicle	Secondary Road Patrol
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	20,605	-	-	-	-	-	-	65,732
Local Sources	680	34,849	12,655	182,375	-	-	-	-
Charges for Services	-	-	-	-	36,015	-	1,300	-
Interest and Rentals	-	-	144	-	-	-	-	-
Other Revenue	-	-	-	-	-	17,770	-	-
TOTAL REVENUES	21,285	34,849	12,799	182,375	36,015	17,770	1,300	65,732
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	27,208	-	-	-
Public Safety	-	-	-	192,003	-	12,949	2,484	155,626
Public Works	-	33,926	2,740	-	-	-	-	-
Health and Welfare	4,060	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,060	33,926	2,740	192,003	27,208	12,949	2,484	155,626
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	17,225	923	10,059	(9,628)	8,807	4,821	(1,184)	(89,894)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	-	89,894
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	17,225	923	10,059	(9,628)	8,807	4,821	(1,184)	-
FUND BALANCES, JANUARY 1	73,260	5,731	29,866	112,708	72,556	23,292	6,977	-
FUND BALANCES, DECEMBER 31	\$ 90,485	\$ 6,654	\$ 39,925	\$ 103,080	\$ 81,363	\$ 28,113	\$ 5,793	\$ -

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

	Special Revenue Funds							
	Concealed Weapons	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	War Memorial Agreement	Road Patrol Overtime	Law Library	Youth Alcohol
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	36,290	-	-
State Sources	-	4,189	-	-	-	-	-	7,412
Local Sources	-	-	-	3,006	-	-	-	-
Charges for Services	8,866	-	11,513	-	31,761	-	3,500	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
TOTAL REVENUES	8,866	4,189	11,513	3,006	31,761	36,290	3,500	7,412
EXPENDITURES:								
Judicial	-	-	-	-	-	-	4,265	-
General Government	-	-	-	-	-	-	-	-
Public Safety	1,524	1,737	3,214	3,901	27,823	30,055	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	7,412
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	53,718	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,524	1,737	3,214	3,901	27,823	83,773	4,265	7,412
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,342	2,452	8,299	(895)	3,938	(47,483)	(765)	-
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	7,342	2,452	8,299	(895)	3,938	(47,483)	(765)	-
FUND BALANCES, JANUARY 1	-	5,199	19,856	11,792	11,879	68,023	3,104	-
FUND BALANCES, DECEMBER 31	\$ 7,342	\$ 7,651	\$ 28,155	\$ 10,897	\$ 15,817	\$ 20,540	\$ 2,339	\$ -

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

	Special Revenue Funds							
	Seat Belt	Animal Shelter Donations	Highway Safety	Chippewa County DHS Appropriation	DHS Child Care	Probate Child Care	Veteran's Trust	Emergency Telephone System
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	7,114	-	9,374	-	-	207,391	21,078	330,489
Local Sources	-	-	-	-	-	7,500	-	-
Charges for Services	-	-	-	-	-	13,660	-	507,917
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	30,526	-	-	-	-	-	-
TOTAL REVENUES	7,114	30,526	9,374	-	-	228,551	21,078	838,406
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	9,374	-	-	-	-	889,337
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	7,114	1,290	-	19,163	77,473	404,158	19,653	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	27,304
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	7,114	1,290	9,374	19,163	77,473	404,158	19,653	916,641
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	29,236	-	(19,163)	(77,473)	(175,607)	1,425	(78,235)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	-	-	-	19,163	62,476	284,515	-	78,235
Operating Transfers Out	-	-	-	-	-	(108,908)	(1,425)	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	29,236	-	-	(14,997)	-	-	-
FUND BALANCES, JANUARY 1	-	46,416	-	1,158	80,081	-	2,673	-
FUND BALANCES, DECEMBER 31	\$ -	\$ 75,652	\$ -	\$ 1,158	\$ 65,084	\$ -	\$ 2,673	\$ -

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

	Special Revenue Fund	Debt Service Funds						
	Office of Emergency Services	2013 Refunding Debt	2011 Refunding Debt	2010 City Water and Sewer	Superior Twp 2000 Improvement Bond Reserve	Superior Township Improvements Debt	New Jail Debt	Avery Square Bond Retirement
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	81,614	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	-	-
Local Sources	-	542,419	607,050	-	-	25,793	-	675
Charges for Services	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	640
Other Revenue	13,107	-	-	-	-	-	-	-
TOTAL REVENUES	94,721	542,419	607,050	-	-	25,793	-	1,315
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	196,065	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	542,419	607,050	465,875	-	25,793	216,600	-
TOTAL EXPENDITURES	196,065	542,419	607,050	465,875	-	25,793	216,600	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(101,344)	-	-	(465,875)	-	-	(216,600)	1,315
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	84,441	-	-	465,875	-	-	216,600	-
Operating Transfers Out	-	-	-	-	-	-	-	(72,475)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(16,903)	-	-	-	-	-	-	(71,160)
FUND BALANCES, JANUARY 1	94,957	-	-	-	34,600	-	-	79,155
FUND BALANCES, DECEMBER 31	\$ 78,054	\$ -	\$ -	\$ -	\$ 34,600	\$ -	\$ -	\$ 7,995

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

	Capital Project Fund	
	Hakola-Ross Drainage	Totals
REVENUES:		
Taxes	\$ -	\$ 107,814
Federal Sources	-	206,089
State Sources	-	673,384
Local Sources	-	1,475,913
Charges for Services	-	702,353
Interest and Rentals	-	784
Other Revenue	-	84,310
	<u>-</u>	<u>3,250,647</u>
TOTAL REVENUES		
	-	3,250,647
EXPENDITURES:		
Judicial	-	30,424
General Government	-	27,208
Public Safety	-	1,568,174
Public Works	-	136,995
Health and Welfare	-	589,418
Community/Economic Development	-	40,862
Capital Outlay	-	81,022
Debt Service	-	1,857,737
	<u>-</u>	<u>4,331,840</u>
TOTAL EXPENDITURES		
	-	4,331,840
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(1,081,193)
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	-	1,330,550
Operating Transfers Out	-	(189,904)
	<u>-</u>	<u>(189,904)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	59,453
FUND BALANCES, JANUARY 1	<u>7,503</u>	<u>880,549</u>
FUND BALANCES, DECEMBER 31	<u>\$ 7,503</u>	<u>\$ 940,002</u>

**Combining Statement of Net Position
Major Tax Collection Enterprise Fund
December 31, 2015**

	2014 Tax Revolving	2013 Tax Revolving	2012 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
ASSETS:						
Cash and Investments - Unrestricted	\$ 2,499,224	\$ 2,580,223	\$ 1,703,408	\$ 2,675,135	\$ 55,037	\$ 9,513,027
Taxes Receivable	1,375,502	294,189	32,402	1,279	-	1,703,372
Accrued Interest Receivable	147,698	122,768	-	12,858	-	283,324
TOTAL ASSETS	\$ 4,022,424	\$ 2,997,180	\$ 1,735,810	\$ 2,689,272	\$ 55,037	\$ 11,499,723
LIABILITIES:						
Due to Governmental Units	\$ -	\$ 14,110	\$ 58,609	\$ 270	\$ -	\$ 72,989
Accrued Liabilities	-	5,227	1,140	-	-	6,367
TOTAL LIABILITIES	-	19,337	59,749	270	-	79,356
NET POSITION:						
Unrestricted	4,022,424	2,977,843	1,676,061	2,689,002	55,037	11,420,367
TOTAL NET POSITION	4,022,424	2,977,843	1,676,061	2,689,002	55,037	11,420,367
TOTAL LIABILITIES AND NET POSITION	\$ 4,022,424	\$ 2,997,180	\$ 1,735,810	\$ 2,689,272	\$ 55,037	\$ 11,499,723

County of Chippewa, Michigan

**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Major Tax Collection Enterprise Fund
For the Year Ended December 31, 2015**

	2014 Tax Revolving	2013 Tax Revolving	2012 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
OPERATING REVENUES:						
Charges for Services	\$ -	\$ 66,473	\$ 15,828	\$ 9,646	\$ -	\$ 91,947
Penalties and Interest Charges	338,976	168,999	-	4,757	-	512,732
TOTAL OPERATING REVENUES	338,976	235,472	15,828	14,403	-	604,679
OPERATING EXPENSES:						
Other Supplies and Expenses	-	-	3,145	-	4,241	7,386
Total Operating Expenses	-	-	3,145	-	4,241	7,386
OPERATING INCOME (LOSS)	338,976	235,472	12,683	14,403	(4,241)	597,293
NON-OPERATING REVENUES (EXPENSES):						
Interest on Deposits	3,755	7,124	4,383	34,595	-	49,857
Total Non-operating Revenues (Expenses)	3,755	7,124	4,383	34,595	-	49,857
INCOME (LOSS) BEFORE TRANSFERS	342,731	242,596	17,066	48,998	(4,241)	647,150
Operating Transfers In	3,679,693	-	-	-	-	3,679,693
Operating Transfers Out	-	(757,375)	(679,693)	(3,000,000)	-	(4,437,068)
CHANGES IN NET POSITION	4,022,424	(514,779)	(662,627)	(2,951,002)	(4,241)	(110,225)
NET POSITION, JANUARY 1	-	3,492,622	2,338,688	5,640,004	59,278	11,530,592
NET POSITION, DECEMBER 31	\$ 4,022,424	\$ 2,977,843	\$ 1,676,061	\$ 2,689,002	\$ 55,037	\$ 11,420,367

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2015**

	State Education Tax Parcel Fee	2010 Tax Foreclosure	2011 Tax Foreclosure	2012 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
ASSETS:							
Cash and Investments - Unrestricted	\$ 13,868	\$ -	\$ 110,718	\$ 50,683	\$ 20,671	\$ 13	\$ 195,953
TOTAL ASSETS	\$ 13,868	\$ -	\$ 110,718	\$ 50,683	\$ 20,671	\$ 13	\$ 195,953
LIABILITIES:							
Due to Governmental Units	\$ -	\$ -	\$ -	\$ -	\$ -	13	\$ 13
NET POSITION :							
Unrestricted	\$ 13,868	\$ -	\$ 110,718	\$ 50,683	\$ 20,671	\$ -	\$ 195,940
TOTAL NET POSITION	\$ 13,868	\$ -	\$ 110,718	\$ 50,683	\$ 20,671	\$ -	\$ 195,940

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

	State Education Tax Parcel Fee	2010 Tax Foreclosure	2011 Tax Foreclosure	2012 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
OPERATING REVENUES:							
Penalties and Interest Charges	\$ 4,017	\$ 300	\$ 500	\$ 51,431	\$ 165,918	\$ -	\$ 222,166
TOTAL OPERATING REVENUES	4,017	300	500	51,431	165,918	-	222,166
OPERATING EXPENSES:							
Other Supplies and Expenses	535	60	14,340	748	145,145	-	160,828
TOTAL OPERATING EXPENSES	535	60	14,340	748	145,145	-	160,828
OPERATING INCOME (LOSS)	3,482	240	(13,840)	50,683	20,773	-	61,338
INCOME (LOSS) BEFORE TRANSFERS	3,482	240	(13,840)	50,683	20,773	-	61,338
Operating Transfers Out	-	(18,897)	(81,103)	-	(65,000)	-	(165,000)
CHANGES IN NET POSITION	3,482	(18,657)	(94,943)	50,683	(44,227)	-	(103,662)
NET POSITION, JANUARY 1	10,386	18,657	205,661	-	64,898	-	299,602
NET POSITION, DECEMBER 31	\$ 13,868	\$ -	\$ 110,718	\$ 50,683	\$ 20,671	\$ -	\$ 195,940

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2015**

	State Education Tax Parcel Fee	2010 Tax Foreclosure	2011 Tax Foreclosure	2012 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from Customers	\$ 4,017	\$ 300	\$ 500	\$ 51,431	\$ 165,918	\$ 13	\$ 222,179
Payments to Suppliers	(535)	(60)	(14,340)	(748)	(145,145)	-	(160,828)
Net Cash Provided (Used) by Operating Activities	<u>3,482</u>	<u>240</u>	<u>(13,840)</u>	<u>50,683</u>	<u>20,773</u>	<u>13</u>	<u>61,351</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Operating Transfers Out	-	(18,897)	(81,103)	-	(65,000)	-	(165,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(18,897)</u>	<u>(81,103)</u>	<u>-</u>	<u>(65,000)</u>	<u>-</u>	<u>(165,000)</u>
Net Increase (Decrease) in Cash and Investments	3,482	(18,657)	(94,943)	50,683	(44,227)	13	(103,649)
Balances - Beginning of the Year	<u>10,386</u>	<u>18,657</u>	<u>205,661</u>	<u>-</u>	<u>64,898</u>	<u>-</u>	<u>299,602</u>
Balances - End of the Year	<u><u>\$ 13,868</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 110,718</u></u>	<u><u>\$ 50,683</u></u>	<u><u>\$ 20,671</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 195,953</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)	\$ 3,482	\$ 240	\$ (13,840)	\$ 50,683	\$ 20,773	\$ -	\$ 61,338
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Change in Assets and Liabilities:							
Increase(Decrease) in Liabilities:							
Due to Governmental Units	-	-	-	-	-	13	13
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 3,482</u></u>	<u><u>\$ 240</u></u>	<u><u>\$ (13,840)</u></u>	<u><u>\$ 50,683</u></u>	<u><u>\$ 20,773</u></u>	<u><u>\$ 13</u></u>	<u><u>\$ 61,351</u></u>

**Combining Statement of Net Position
Internal Service Funds
December 31, 2015**

	<u>Self Insurance- Health</u>	<u>Self Insurance- Workers Comp.</u>	<u>Central Stores</u>	<u>Total</u>
ASSETS:				
Cash and Investments - Unrestricted	\$ 860,769	\$ 453,255	\$ -	\$ 1,314,024
Inventory	-	-	6,123	6,123
Due from Governmental Units	162,192	-	-	162,192
TOTAL ASSETS	<u>\$ 1,022,961</u>	<u>\$ 453,255</u>	<u>\$ 6,123</u>	<u>\$ 1,482,339</u>
LIABILITIES:				
Due to Other Funds	\$ -	\$ -	\$ 6,123	\$ 6,123
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>6,123</u>	<u>6,123</u>
NET POSITION:				
Unrestricted	<u>1,022,961</u>	<u>453,255</u>	<u>-</u>	<u>1,476,216</u>
TOTAL NET POSITION	<u>1,022,961</u>	<u>453,255</u>	<u>-</u>	<u>1,476,216</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,022,961</u>	<u>\$ 453,255</u>	<u>\$ 6,123</u>	<u>\$ 1,482,339</u>

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

	<u>Self Insurance- Health</u>	<u>Self Insurance- Workers Comp.</u>	<u>Central Stores</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services	\$ 3,226,884	\$ 143,441	\$ 11,001	\$ 3,381,326
Total Operating Revenues	<u>3,226,884</u>	<u>143,441</u>	<u>11,001</u>	<u>3,381,326</u>
OPERATING EXPENSES:				
Premium Payments	3,385,057	82,156	-	3,467,213
Supplies	<u>-</u>	<u>-</u>	<u>11,607</u>	<u>11,607</u>
Total Operating Expenses	<u>3,385,057</u>	<u>82,156</u>	<u>11,607</u>	<u>3,478,820</u>
OPERATING INCOME (LOSS)	(158,173)	61,285	(606)	(97,494)
NET POSITION, JANUARY 1	<u>1,181,134</u>	<u>391,970</u>	<u>606</u>	<u>1,573,710</u>
NET POSITION, DECEMBER 31	<u><u>\$ 1,022,961</u></u>	<u><u>\$ 453,255</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,476,216</u></u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2015**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 3,064,692	\$ 143,441	\$ 11,001	\$ 3,219,134
Payments to Suppliers	(3,385,057)	(82,156)	(7,917)	(3,475,130)
Internal Activity - Receipts(Payments) with Other Funds	-	-	(3,084)	(3,084)
	(320,365)	61,285	-	(259,080)
Net Cash Provided (Used) by Operating Activities				
Net Increase (Decrease) in Cash and Investments	(320,365)	61,285	-	(259,080)
Balances - Beginning of the Year	1,181,134	391,970	-	1,573,104
Balances - End of the Year	\$ 860,769	\$ 453,255	\$ -	\$ 1,314,024
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (158,173)	\$ 61,285	\$ (606)	\$ (97,494)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Assets:				
Due from Governmental Units	(162,192)	-	-	(162,192)
Inventory	-	-	3,690	3,690
Increase (Decrease) in Liabilities:				
Due to Other Funds	-	-	(3,084)	(3,084)
	-	-	(3,084)	(3,084)
Net Cash Provided (Used) by Operating Activities	\$ (320,365)	\$ 61,285	\$ -	\$ (259,080)

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

SUE A. BOWLBY, CPA, PRINCIPAL
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MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

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

Members of the Board
County of Chippewa, Michigan
Sault Ste. Marie, MI 49783

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County of Chippewa, Michigan as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County of Chippewa's basic financial statements and have issued our report thereon dated May 3, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Chippewa, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2015-001.

County of Chippewa, Michigan's Response to Findings

The County of Chippewa, Michigan's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Chippewa, Michigan's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 3, 2016



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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OFFICES IN
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board
County of Chippewa, Michigan
Sault Ste. Marie, MI 49783

Report on Compliance for Each Major Federal Program

We have audited the County of Chippewa, Michigan's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Chippewa, Michigan's major federal programs for the year ended December 31, 2015. The County of Chippewa, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance for each of the County of Chippewa, Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of Chippewa, Michigan's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County of Chippewa, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

The County of Chippewa, Michigan's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The County of Chippewa, Michigan's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

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

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

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



Anderson, Tackman and Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 3, 2016

County of Chippewa, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Pass-through from the Michigan Department of Community Health:</i>				
Women, Infant and Children - Resident Services	10.557	IW100342	\$ 196,874	\$ -
Women, Infant and Children - Breastfeeding	10.557	W500342	23,291	-
Subtotal			220,165	-
<i>Pass-through from the Michigan Department of Natural Resources:</i>				
Schools and Roads Grant	10.665	N/A	330,152	330,152
Total U.S. Department of Agriculture			550,317	330,152
U.S. DEPARTMENT OF COMMERCE:				
<i>Pass-through from Great Lakes Commission:</i>				
Little Rapids Restoration Project	11.463	NA13NMF4630217	322,603	-
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
<i>Pass-through from the Michigan State Housing Development Authority:</i>				
CDBG Housing Program	14.228	MSC-2011-0731-HOA	30,655	30,655
U.S. DEPARTMENT OF JUSTICE:				
<i>Pass-through from Diane Pepler Resource Center:</i>				
STOP Grant	16.588	STOP 11-17001-1	17,000	-
U.S. DEPARTMENT OF TRANSPORTATION:				
<i>Pass-through from the State of Michigan Department of Transportation:</i>				
<i>Airport Improvement Program - MDOT Administered:</i>				
Rehabilitate Runway, Mill and Fill, Crack Sealing	20.106	3-26-0139-3514	1,482,950	-
<i>Pass-through Programs from the State of Michigan Department of Transportation (MDOT) - Administered by the Chippewa County Road Commission (CCRC):</i>				
County Wide Sign and Post Upgrade	20.205	STP 1217(016)	24,268	-
<i>Pass-through Programs from the State of Michigan Department of Transportation (MDOT) - MDOT Administered:</i>				
Mackinac Trail - Gaines Highway to 12 Mile Road	20.205	STP 1517(004)	508,416	-
Ploegstra Road from Tilson Road	20.205	STP 1317(019)	451	-
1½ Mile road from East Shore Drive	20.205	STP 1417 (009)	32,467	-
Bridge Paving, Guardrail and Traffic Control	20.205	STP 1417(013)	4,924	-
Subtotal			546,258	-
Capital Grant - Section 5309 (80/20)	20.500	2012-0077 123156	44,146	-
Section 5311 Operating Assistance	20.509	2007-0204 109905	74,956	-
Capital Grants - Section 5311 (80/20)	20.509	2012-0077 120335	2,565	-
Capital Grants - Section 5311 (80/20)	20.509	2012-0077 116593	3,922	-
Rural Transit Assistance Program	20.509	N/A	4,500	-
Capital Grants - Marine (90/10)	20.205	2012-0077 114944B	3,720	-
Job Access and Reverse Commute Program (JARC)	20.516	2007-0204 107394	12,252	-
Capital Grants - Section 5339 (80/20)	20.526	2012-0077 120729	3,467	-
Subtotal			149,528	-
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i>				
HMEP	20.703	N/A	36,290	-
<i>Pass-through from the State of Michigan Office of Highway Planning</i>				
Planning Grant	20.601	03062-02	15,448	-
Total U.S. Department of Transportation			2,254,742	-

See accompanying notes to schedule of expenditures of federal awards.

County of Chippewa, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2015

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures	Expenditures to Subrecipients
U.S. ENVIRONMENTAL PROTECTION AGENCY:				
<i>Pass-through from State of Michigan Department of Environmental Quality:</i>				
Type II Water Supply	66.468	FS97548712	469	-
Great Lakes Restoration Initiative	66.469	GL00E00123	39,006	-
Great Lakes Restoration Initiative	66.472	CU00E99305	1,668	-
Total U.S. Environmental Protection Agency			41,143	-
U.S. DEPARTMENT OF HOMELAND SECURITY:				
<i>Pass-through from the State of Michigan Department of Natural Resources, Grants Management</i>				
2013 Marine Safety Program	97.012	N/A	8,700	-
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i>				
Operation Stonegarden Grant	97.067	2010-SS-T0-0009	42,082	-
<i>Pass-through from the County of Houghton:</i>				
Emergency Management Performance Grant	97.042	EMW-2013-EP-00026-S01	21,031	-
Homeland Security Grant	97.067	N/A	34,018	-
Subtotal			55,049	-
Total U.S. Department of Homeland Security			105,831	-
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES:				
<i>Pass-through from the State of Michigan Department of Human Services:</i>				
Friend of the Court/PA - Incentive	93.563	N/A	42,086	-
Friend of the Court - Cooperative Reimbursement	93.563	CSFOC13-17001	276,513	-
Prosecuting Attorney - Cooperative Reimbursement	93.563	CSPA13-17002	78,063	-
Subtotal			396,662	-
<i>Pass-through from Pathways:</i>				
Substance Abuse Treatment Prevention	93.959	00 B1MISAPT05	55,958	-
<i>Pass-through from the State of Michigan Department of Community Health:</i>				
Bioterrorism EPI	93.069	U90TP000528	2,786	-
Bioterrorism	93.069	U90TP000528	89,964	-
Bioterrorism	93.069	U90TP000528	29,698	-
Family Planning	93.217	GFPHPA05017341	24,680	-
Immunizations - IAP	93.268	H23 CCH522556	26,905	-
Immunizations - Fixed Fees	93.268	H23 CCH522556	6,900	-
Vaccine Provided	93.268	N/A	105,797	-
Family Planning/BCCCP	93.752	IU58DP003921	1,210	-
BCCCP Coordination	93.752	IU58DP003921	16,775	-
Medicaid Outreach	93.778	05 U05M15ADM	47,503	-
Active Living Grant	93.945	1U58DP004814	14,997	-
Building Healthy Communities	93.991	2B01OT009028	22,990	-
Maternal and Child Health Block Grant	93.994	B1MIMCHS	25,024	-
Other - MCH	93.994	B1MIMCHS	3,245	-
Subtotal			418,474	-
Total U.S. Department of Health & Human Services			871,094	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 4,193,385	\$ 360,807

See accompanying notes to schedule of expenditures of federal awards.

NOTE A - BASIS OF PRESENTATION:

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

NOTE B - MDOT ADMINISTRATION:

The Highway Planning and Construction Grants (Chippewa County Road Commission), Capital Grants – Section 5311 (EUP Transportation Authority) and Airport Improvement Grants (Chippewa County Economic Development Corporation) include various contracted projects. Accordingly, the federal expenditures recognized on each negotiated project do not necessarily relate to the County's actual costs for that project. Contracted projects are administered by MDOT which monitors the applicable compliance requirements of those projects.

NOTE C - RECONCILIATION TO THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE:

The following is a reconciliation of the amounts reported on the basic financial statements to the Schedule of Expenditures of Federal Awards:

Total Federal Sources per Financial Statements	
Primary Government	\$ 1,364,190
Federal Grants of Component Units	2,499,043
Federal Grants in Trust & Agency	<u>330,152</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	<u>\$ 4,193,385</u>

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 (CFR) part 200, Uniform Guidance?	No

Identification of Major Programs

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.665	Schools and Roads – Grants to States
10.557	Women, Infant and Children
Dollar threshold used to distinguish between types A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

Significant Deficiencies – Noncompliance with Federal Regulations

Reporting

Finding 2015-001

Program Award: U.S. Department of Agriculture – Schools and Roads – Grants to States – CFDA No. 10.665, period ended December 31, 2015, pass-through from the Michigan Department of Natural Resources.

Criteria: Federal regulations require that Title III County funds must provide a Certification of Expenditures and Unobligated Funds to later than February 1st of each year after the funds were expended. The certification must include a description of the amounts expended and their uses and funds not obligated by September 30th of the previous year.

Condition: The County did not provide an annual certification in compliance with grant reporting provisions.

Effect: The funds may not be properly reported or could result in an authorized uses of unobligated funding. The certification violated specific compliance reporting requirements of the grant as well.

Cause: Due to a change in personnel, new staff was not familiar with the certification requirements contained in the grant documentation.

Recommendation: Personnel should complete and provide the “County’s Certification of Title III Expenditures and Unobligated Funds” form as soon as possible to meet reporting requirements.

Planned Corrective Action: In June 2016, the County will complete the certification as recommended.

- Contact Person(s) responsible for Correction:
Michelle Robbins, Director
- Anticipated Completion Date:
Immediately

Section III – Federal Award Findings and Questioned Costs

NONE.

Additional Information

CHIPPEWA COUNTY, MICHIGAN

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Members of the Board
County of Chippewa, Michigan
Sault Ste. Marie, MI 49783

Our report on our audit of the basic financial statements of County of Chippewa, Michigan, as of and for the year ended December 31, 2015, appears on page 1. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

Anderson Tackman & Co. PLC

Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

May 3, 2016

NOTE 1 - DEBT ISSUES APPLICABLE TO SEC RULE 15c2-12 DISCLOSURES REQUIREMENTS:

Debt issues of \$1,000,000 or more sold on or after July 3, 1995 are applicable to SEC rule 15c2-12 disclosure requirements. As of December 31, 2015, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$7,040,000 County of Sault Ste. Marie Water Supply and Sewage Disposal System Limited Tax General Obligation Bonds, Series 2013.
2. \$1,635,000 Chippewa County General Obligation Bonds, Series 2010.
3. \$3,645,000 Chippewa County Refunding Bonds, Series 2010.
4. \$1,790,000 Chippewa County Refunding Bonds, (County of Sault Ste. Marie), Series 2011.

NOTE 2 - TABLES:

The following tables are included in the debt issues and are required to be updated annually to comply with the Municipal Securities disclosure requirements of the SEC Rule 15c2-12.

A. Population:

1970 U.S. Census.....	32,412	2000 U.S. Census	38,543
1980 U.S. Census.....	29,029	2010 U.S. Census	38,520
1990 U.S. Census.....	34,604		
		2015 estimate	38,000

Source: U.S. Department of Commerce - Bureau of Census and County of Chippewa

B. Taxable Value (Ad Valorem) by Use and Class:

Use	2015		2014	
	Amount	Percent of Total	Amount	Percent of Total
Agricultural	\$ 36,565,196	3.34%	\$ 36,274,809	3.34%
Commercial (R&P)	153,884,515	14.06%	156,705,713	14.42%
Industrial (R&P)	30,592,341	2.80%	29,895,115	2.75%
Residential	832,412,208	76.04%	823,227,331	75.76%
Utility	41,180,000	3.76%	40,508,600	3.73%
Total	<u>\$ 1,094,634,260</u>	<u>100.00%</u>	<u>\$ 1,086,611,568</u>	<u>100.00%</u>

NOTE 2 – TABLES: (Continued)

B. Taxable Value (Ad Valorem) by Use and Class: (Continued)

Class	2015		2014	
	Amount	Percent of Total	Amount	Percent of Total
Real Property	\$ 1,029,108,748	94.01%	\$ 1,019,457,768	93.20%
Personal Property	65,525,512	5.99%	67,153,800	6.80%
Total	\$ 1,094,634,260	100.00%	\$ 1,086,611,568	100.00%

Source: County of Chippewa

C. Taxable Value:

Assessed Value as of December 31	Year of State Equalization and Tax Levy	County's Fiscal Year Ended or Ending December 31	Ad Valorem Taxable Value	Taxable Value of Property Granted Tax Abatement Under Acts 198 and 255	Total Taxable Value	Percent Increase/ (Decrease) Over Prior Year
2007	2008	2009	\$ 976,118,163	\$ 4,428,200	\$980,546,363	3.35%
2008	2009	2010	1,020,314,976	3,777,300	1,024,092,276	4.44%
2009	2010	2011	1,054,021,915	2,302,600	1,056,324,515	3.15%
2010	2011	2012	1,062,567,992	2,294,400	1,064,862,392	.81%
2011	2012	2013	1,090,343,959	430,500	1,090,774,459	.24%
2012	2013	2014	1,086,611,568	1,249,100	1,087,860,668	(.27)%
2013	2014	2015	1,094,634,260	1,287,800	1,095,922,060	.74%
2014	2015	2016	Unavailable			

Per Capita Total taxable value for the fiscal year ending December 31, 2015 \$28,840.05.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

D. SEV by Use and Class:

Use	Fiscal Year Ended or Ending December 31							
	2012	%	2013	%	2014	%	2015	%
Agriculture	\$ 54,664,500	5%	\$ 53,934,800	5%	\$ 54,079,500	4%	\$ 53,636,992	4%
Commercial	175,155,351	13%	177,378,650	13%	179,635,000	14%	176,292,812	13%
Industrial	29,629,500	2%	31,914,200	2%	31,649,600	2%	33,339,200	3%
Residential	1,035,487,270	78%	1,024,956,720	77%	1,024,233,920	77%	1,027,578,600	77%
Utility	32,227,900	2%	38,269,600	3%	40,508,600	3%	41,180,000	3%
Total	\$ 1,327,164,521	100%	\$ 1,326,453,970	100%	\$ 1,330,106,620	100%	\$ 1,332,027,604	100%
Class								
Real Property	\$ 1,263,591,921	95%	\$ 1,256,839,920	95%	\$ 1,262,952,732	95%	\$ 1,266,502,092	95%
Personal Property	63,572,600	5%	69,614,050	5%	67,153,888	5%	65,525,512	5%
Total	\$ 1,327,164,521	100%	\$ 1,326,453,970	100%	\$ 1,330,106,620	100%	\$ 1,332,027,604	100%

Source: County of Chippewa

E. Maximum Tax Rates:

Millage Classification	Millage Authorized	Millage Reduction Fraction (1)	Maximum Allowable Millage
Allocated (1)	6.1500	1.0000	6.1500
Fire/Ambulance (2)	0.4280	1.0000	0.4275
Roads (3)	1.0000	1.0000	0.9879
Recycling (2)	0.5000	1.0000	0.5000
Jail Renovation (5)	0.7500	1.0000	0.7078
Senior Programs (4)	0.5000	1.0000	0.4994
Animal Shelter (6)	0.1000	1.0000	0.1000

- (1) Cumulative.
- (2) Voted. Final levy December 31, 2017.
- (3) Voted. Final levy will be December 31, 2018.
- (4) Voted and levied first time in 2009.
- (5) Voted. Expires with December 31, 2017 levy.
- (6) Voted. Expires with December 31, 2018 levy.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

F. Revenues from the State of Michigan

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing Payments</u>
December 31, 2012	\$491,178
December 31, 2013	\$554,403
December 31, 2014	\$618,628
December 31, 2015	\$716,520

Source: County of Chippewa

G. Property Tax Rates:

Levy 1-Dec	Fiscal Years		Fire/ Ambulance (1)	Road Improvements (1)	Recycling (1)	Jail (1)	Senior Program (1)	Animal Shelter (1)	Total
	Ended or Ending 31-Dec	Allocated							
2009	2010	6.1327	0.4284	0.9890	0.4986	0.7086	0.5000	0.0000	9.2573
2010	2011	6.1259	0.4275	0.9879	0.5000	0.7078	0.4994	0.0000	9.2485
2011	2012	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.0000	9.2726
2012	2013	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.0000	9.2726
2013	2014	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.0000	9.2726
2014	2015	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.0000	9.2726
2015	2016	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.1000	9.3726

(1) Voted.

Source: County of Chippewa

H. Highest and Lowest Tax Rates:

The highest and lowest tax rates for properties allowed special exemption status and all other taxable properties within the County for its fiscal year ending December 31, 2015:

Property Classification	Highest Tax Rate		Lowest Tax Rate	
	Municipality	Tax Rate	Municipality	Tax Rate
Special Exemption*	Sault Ste. Marie	41.6474 mills	Soo Township	20.3731 mills
Other	Sault Ste. Marie	59.6474 mills	Soo Township	38.3731 mills

(*) Special Exemption means a dwelling or unit in a multiple-unit dwelling subject to ad valorem property taxes that is owned and occupied as a principal residence by the owner of the dwelling or unit, includes all unoccupied property classified as agricultural adjacent and contiguous to the home of the owner that is not leased or rented by the owner to another person if the gross receipts of the agricultural or horticultural operations, if any, exceed the household income of the owner. If the gross receipts of the agricultural or horticultural operations do not exceed the household income of the owner, the property includes only 5 acres adjacent and contiguous to the home of the owner. Special exemption includes a life care facility registered under the living care disclosure act, Act No. 440 of the Public Acts of 1976, being sections 554.801 to 554.844 of the Michigan Compiled Laws. Homestead also includes property owned by a cooperative housing corporation and occupied as a principal residence by tenant stockholders.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

I. Property Tax Collections:

July/Dec. 1 Levy	Fiscal Years Ended or Ending December 31	County Tax Levy (1)	Collections to March 1 Following Levy	Percent Collected to March 1 Following Levy
2010	2011	\$ 8,511,609	\$ 7,910,310	92.93%
2011	2012	8,573,674	7,525,927	87.77%
2012	2013	9,212,618	8,555,370	92.86%
2013	2014	9,658,175	8,897,874	92.13%
2014	2015	9,613,427	8,863,578	92.19%
2015	2016	9,732,114	9,025,722	92.74%

(1) Reflects County levy only. All tax levies reflect adjustments for State Tax Tribunal consent judgments, Board of Review decisions, real estate taxes canceled through foreclosure sales and personal property taxes canceled by circuit court.

Source: County of Chippewa

J. Ten Largest Taxpayers:

Taxpayer	Principal Product or Service	December 31, 2015	
		Taxable Value (1)	Percent of of Total (2)
Cloverland Electric Co.	Utility	\$ 32,012,739	30.83%
State of Michigan	Properties	16,056,186	15.47%
American Transmission	Utility	15,441,949	14.87%
Wal-Mart Real Estate	Shopping Center	7,271,700	7.00%
DDR Michigan II LLC	Shopping Mall	7,200,037	6.94%
USA-In Trust for SSM Tribe	Properties	6,050,695	5.83%
Continental Teves, Inc.	Auto Testing Service	4,592,906	4.42%
Pointe West I LP	Apartment Complex	3,630,701	3.50%
Hoover Precision Products	Manufacturing	3,354,400	3.23%
Precision Edge (12 th Ave Realty)	Manufacturing	2,975,100	2.87%
Drummond Dolomite Inc.	Dolomite Quarry	2,877,137	2.77%
Superior Fabrication, Inc.	Fabrication	2,357,692	2.27%
		<u>\$ 103,821,242</u>	<u>100%</u>

(1) Includes Equivalent Taxable Value of properties granted tax abatement under Act 198.

(2) Based on \$1,094,634,260 which is the County's Total Taxable Value for the fiscal year ending December 31, 2015. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

K. Legal Debt Margin:

Pursuant to the statutory and constitutional debt provisions set forth herein, the following table reflects the amount of additional debt the County may legally incur:

Debt Limit (1)	\$ 133,202,761
Debt Outstanding (2)	<u>(12,355,952)</u>
Legal Debt Margin	<u>\$ 120,846,809</u>

- (1) 10% of \$1,332,027,604 which is the County's Total SEV for its fiscal year ending December 31, 2015. Includes the SEV of property granted tax abatement under Act 198.
- (2) Includes the Bonds described herein.

Source: County of Chippewa and Municipal Advisory Council of Michigan

L. Debt Schedule:

The following table reflects a summary of the County's direct and underlying debt as of December 31, 2015:

<u>County Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated July 12, 2011 (LT)	\$ 2,830,000	\$ -	\$ 2,830,000
Dated April 1, 2010 (LT)	<u>1,165,000</u>	<u>-</u>	<u>1,165,000</u>
Subtotal	<u>3,995,000</u>	<u>-</u>	<u>3,995,000</u>
Water and Sewer Bonds:			
Dated December 13, 2013	6,375,000	6,375,000	-
Dated June 26, 2000	<u>345,958</u>	<u>345,958</u>	<u>-</u>
Subtotal	<u>6,720,958</u>	<u>6,720,958</u>	<u>-</u>
General Obligation Bonds:			
Dated December 10, 2009	<u>605,000</u>	<u>-</u>	<u>605,000</u>
Installment Obligations	<u>1,034,994</u>	<u>-</u>	<u>1,034,994</u>
Total	<u>\$ 12,355,952</u>	<u>\$ 6,720,958</u>	<u>\$ 5,634,994</u>
Per Capita Net County Direct Debt			\$ 148.28
Percent of Net Direct Debt to Total SEV			.42%

NOTE 2 - TABLES: (Continued)

L. Debt Schedule: (Continued)

<u>Underlying Debt of County (5)</u>	<u>Total</u>
City	\$ 20,240,000
Townships	723,000
School Districts	25,615,287
ISD	<u>60,778</u>
 Total Underlying Debt	 <u>\$ 46,639,065</u>
 Per Capita Underlying Debt (3)	 \$ 1,227.34
Percent of Underlying Debt to Total SEV (4)	3.50%
 Total Direct and Underlying Debt	 <u>\$ 58,995,017</u>
 Per Capita Net Direct and Underlying Debt (3)	 \$ 1,552.50
Percent of Net Direct and Underlying Debt to Total SEV (4)	4.43%

- (1) The Bonds described herein.
- (2) Secured by the County of Sault Ste. Marie’s full faith and credit and limited taxing power.
- (3) Based on the County’s 2015 population estimate of 38,000.
- (4) Based on \$1,332,027,604 which is the County’s Total SEV for its fiscal year ending December 31, 2015. Includes the SEV of property granted tax abatement under Act 198.
- (5) Underlying Debt is the debt of the municipal entities located in the County.

Source: County of Chippewa and the Municipal Advisory Council of Michigan.

M. Debt History:

There is no record of default on obligations of the County.

N. Installment Purchase Obligations:

See Notes to Financial Statements.

NOTE 2 - TABLES: (Continued)

O. Short Term Borrowings:

The County in the years 1983 through 2000, inclusive, issued Delinquent Tax Notes to fund, in part, its Delinquent Tax Payment Fund. The primary security for the Delinquent Tax Notes was the payment of the Delinquent Real Property Taxes. In addition, the County pledged its full faith and credit and limited taxing power to the payment of principal of and interest on the Delinquent Tax Notes. The County may or may not issue notes to fund the Delinquent Tax Payment Fund in future years. The amounts issued in 1995 through 2000, inclusive, are as follows:

<u>Year Issued</u>	<u>Notes Issued</u>	<u>Amount Outstanding</u>
1995	\$ 500,000	\$ -
1996	500,000	-
1997	500,000	-
1998	700,000	-
1999	1,250,000	-
2000	800,000	-

The County does not issue short-term obligations for cash flow purposes.

Source: County of Chippewa

P. Future Financing:

Not Anticipated.

Q. Vacation and Sick Leave:

Employees earn varying amounts of annual vacation and sick leave based on number of years of service up to a maximum and on the various labor union contract terms and administration policies of the different County operating units. Vacation is accumulated and taken annually. Sick leave can accumulate up to 168 hours. In addition, each year sheriff employees are given 96 days of sick time for jail employees and 64 days sick time for road patrol employees with 100 percent vesting after three years of service for the Sheriff's department only. At December 31, 2015, the accumulated unpaid compensated absences amount to \$667,872.

NOTE 2 - TABLES: (Continued)

R. Pension and OPEB Plan:

All full-time employees of the County are participants in a defined benefit plan administered by the Michigan Municipal Employees Retirement System. The County's contribution to the plan, expressed as a percentage of active member payroll, covers current service costs, unrealized investment income on unfunded accrued liabilities (prior service costs) and the amortization of unfunded accrued liabilities over a 30 year period. Employees of the County contribute 2% of their gross wages. Actuarial assumption is subject to periodic change.

December 31 Valuation Date	Net Position Available for Benefits	Actuarial Accrued Liability	Assets as a Percent of Actuarial Accrued Liability
2005	\$ 21,105,600	\$ 24,098,670	88%
2006	22,719,301	25,841,406	88%
2007	24,411,785	27,878,398	88%
2008	25,304,999	30,749,995	82%
2009	26,418,432	32,521,364	81%
2010	27,576,324	34,793,371	79%
2011	28,641,084	36,543,151	78%
2012	29,452,202	38,144,006	77%
2013	30,490,775	39,646,045	77%
2014	26,606,797	36,786,617	72%

The County provides post retirement hospitalization to employees of the government pursuant to the terms of union contracts. Additionally, some elected County officials who served more than 20 years and are retired receive post retirement hospitalization, pursuant to Board of Commissioner's resolution.

The Health Department provides post retirement health care insurance to retired employees; hired prior to May 1, 2008 for non-union and January 1, 2007 for union, of the government pursuant to the terms of the personnel policy for a group insurance plan.

	County	Health Department	EDC	Road
Annual required contribution	\$ 1,537,092	\$ 1,073,808	\$ 62,552	\$ 1,217,575
Interest on net OPEB obligation	86,510	153,374	284	83,676
Annual OPEB cost (expense)	1,623,602	1,227,182	62,836	1,301,251
Contributions made	(1,227,886)	(327,018)	(56,769)	(1,369,648)
Increase (decrease) in net OPEB obligation	395,716	900,164	6,067	(68,397)
Net OPEB obligation – beginning of year	2,162,756	2,921,403	56,769	2,390,742
Net OPEB obligation – end of year	<u>\$ 2,558,472</u>	<u>\$ 3,821,567</u>	<u>\$ 62,836</u>	<u>\$ 2,322,345</u>

Complete OPEB information can be found in Note 9.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

S. Labor Contracts:

The County courthouse has 148 full and part-time employees. Approximately 46% of the County's permanent employees are represented by labor organizations. The following table illustrates the various labor organizations which represent County employees, the number of members and the expiration date of the present contracts.

<u>Employee Group</u>	<u>Membership</u>	<u>Current Expiration Date</u>
American Federation of State, County and Municipal Employees	32	December 31, 2018
Police Officers Labor Council	16	Tentative December 31, 2017
Non-Union Employees	77	Not applicable
Fraternal Order of Police Labor Council:		
Senior Dispatchers	2	December 31, 2018
Dispatchers	6	December 31, 2017
Road Patrol	<u>12</u>	December 31, 2017
Total Permanent County Employees	<u>145</u>	

Source: County of Chippewa

T. Profile of Major Employers:

The following table reflects the diversity of the major employers in the County by the products manufactured or services performed and the approximate number of employees.

<u>Company</u>	<u>Principal Product or Service</u>	<u>Approximate Number of Employees</u>
Michigan Department of Corrections	Correctional Institution	1,191
War Memorial Hospital	Hospital	906
Bay Mills Community	Enterprises	674
Sault Ste. Marie Tribe of Chippewa Indians	Tribal Enterprises and Governmental Operations	644
Kewadin Casinos	Casino and Hotel Operations	534
Lake Superior State University	Education	500
Wal-Mart	General Retail	410
Sault Area Public Schools	Education	292
Bay Mills Community	Tribal Government	204
C.L.M. Community Action	Child Daycare Services / Senior Services	192

Source: Eastern Upper Peninsula Regional Planning

NOTE 2 - TABLES: (Continued)

U. Employment:

Reflected below are the unemployment statistics for the County for the calendar years 2010 through 2015:

<u>County of Chippewa</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Employed	15,503	15,503	15,423	15,332	15,346	15,623
Unemployed	<u>1,887</u>	<u>1,887</u>	<u>1,728</u>	<u>1,796</u>	<u>1,609</u>	<u>1,257</u>
Labor Force	<u>17,390</u>	<u>17,390</u>	<u>17,151</u>	<u>17,128</u>	<u>16,955</u>	<u>16,880</u>
Unemployed as % Of Labor Force (1)	10.9%	10.9%	10.1%	10.5%	9.5%	7.4%

(1) Totals and percentages may differ due to rounding by the Michigan Unemployment Agency.

Source: Michigan Department of Technology, Management & Budget Labor Market Information