

**County of Chippewa, Michigan**

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**BASIC FINANCIAL STATEMENTS**

**December 31, 2014**

**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 SURVEYOR	WILLIAM KARR
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

**KINROSS OFFICE**

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AMBER N. MACK, CPA, PRINCIPAL

ROBERT L. HASKE, CPA

**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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2014, 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 49 through 51, and pages 52 through 59 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, and statistical section, are presented for 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* 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 4, 2015 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 4, 2015

## **Management's Discussion and Analysis**

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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, 2014.

### Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$16,109,612. Of this amount, \$1,187,821 is restricted.
- Net position for the County as a whole decreased by \$1,037,781. Net position of our governmental activities decreased by \$1,448,471 and net position of our business-type activities increased by \$410,690.
- During the year, the County had expenses for governmental activities that were \$25,708,223 and expenses for business-type activities that were \$174,440.
- The General Fund reported a net fund balance of \$4,343,772, an increase of \$477,351. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,516,883, or 29% 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 and outflows and 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 22-48 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 49-59 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 60-79 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 \$16,109,612 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	
	2014	2013	2014	2013	2014	2013
<b>Assets</b>						
Current Assets	\$ 13,834,962	\$ 20,564,637	\$ 11,843,097	\$ 11,638,757	\$ 25,678,059	\$ 32,203,394
Capital Assets	12,669,307	14,986,816	-	-	12,669,307	14,986,816
<b>Total Assets</b>	<b>26,504,269</b>	<b>35,551,453</b>	<b>11,843,097</b>	<b>11,638,757</b>	<b>38,347,366</b>	<b>47,190,210</b>
<b>Deferred Outflows of Resources</b>	<b>245,535</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>245,535</b>	<b>-</b>
<b>Liabilities</b>						
Current Liabilities	3,177,662	10,029,723	12,903	219,253	3,190,565	10,248,976
Noncurrent Liabilities	17,028,667	17,509,486	-	-	17,028,667	17,509,486
<b>Total Liabilities</b>	<b>20,206,329</b>	<b>27,539,209</b>	<b>12,903</b>	<b>219,253</b>	<b>20,219,232</b>	<b>27,758,462</b>
<b>Deferred Inflows of Resources</b>	<b>2,264,057</b>	<b>2,284,355</b>	<b>-</b>	<b>-</b>	<b>2,264,057</b>	<b>2,284,355</b>
<b>Net Position</b>						
Net Investment in Capital Assets	(66,651)	745,858	-	-	(66,651)	745,858
Restricted	1,187,821	1,496,974	-	-	1,187,821	1,496,974
Unrestricted	3,158,248	3,485,057	11,830,194	11,419,504	14,988,442	14,904,561
<b>Total Net Position</b>	<b>\$ 4,279,418</b>	<b>\$ 5,727,889</b>	<b>\$ 11,830,194</b>	<b>\$ 11,419,504</b>	<b>\$ 16,109,612</b>	<b>\$ 17,147,393</b>

The current level of unrestricted net position for our governmental activities stands at \$3,158,248, or about 12% of expenses. Net Position of the governmental activities decreased approximately 25%. Net Position of the business-type activities increased approximately 4%.

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Program Revenues</b>						
Charges for Services	\$ 7,376,517	\$ 6,978,822	\$ 1,312,399	\$ 738,991	\$ 8,688,916	\$ 7,717,813
Operating Grants and Contributions	5,545,569	4,914,467	-	-	5,545,569	4,914,467
Capital Grants and Contributions	104,489	192,318	-	-	104,489	192,318
<b>General Revenues</b>						
Property Taxes	9,114,272	9,005,732	-	-	9,114,272	9,005,732
State Revenue Sharing and Other	1,334,052	1,477,549	-	-	1,334,052	1,477,549
Interest Income	62,283	62,874	51,617	59,295	113,900	122,169
<b>Total Revenues</b>	<b>23,537,182</b>	<b>22,631,762</b>	<b>1,364,016</b>	<b>798,286</b>	<b>24,901,198</b>	<b>23,430,048</b>
<b>Expenses</b>						
Legislative	102,659	99,048	-	-	102,659	99,048
Judicial	2,565,373	2,475,212	-	-	2,565,373	2,475,212
General Government	4,996,192	3,578,232	-	-	4,996,192	3,578,232
Public Safety	5,450,460	5,207,551	-	-	5,450,460	5,207,551
Public Works	1,389,201	812,187	-	-	1,389,201	812,187
Health and Welfare	8,772,747	8,375,818	-	-	8,772,747	8,375,818
Community and Economic Development	180,136	74,063	-	-	180,136	74,063
Interest Expense - Unallocated	410,230	654,373	-	-	410,230	654,373
Other	1,088,916	877,647	-	-	1,088,916	877,647
Tax Collection	-	-	4,873	76,650	4,873	76,650
Depreciation - Unallocated	752,309	769,033	-	-	752,309	769,033
Other Nonmajor	-	-	169,567	119,346	169,567	119,346
<b>Total Expenses</b>	<b>25,708,223</b>	<b>22,923,164</b>	<b>174,440</b>	<b>195,996</b>	<b>25,882,663</b>	<b>23,119,160</b>
Excess (Deficiency) Before Transfers	(2,171,041)	(291,402)	1,189,576	602,290	(981,465)	310,888
Transfers	722,570	2,126,936	(778,886)	(2,155,369)	(56,316)	(28,433)
<b>Changes in Net Position</b>	<b>(1,448,471)</b>	<b>1,835,534</b>	<b>410,690</b>	<b>(1,553,079)</b>	<b>(1,037,781)</b>	<b>282,455</b>
Net Position - Beginning	5,727,889	3,892,355	11,419,504	12,972,583	17,147,393	16,864,938
<b>Net Position - Ending</b>	<b>\$ 4,279,418</b>	<b>\$ 5,727,889</b>	<b>\$ 11,830,194</b>	<b>\$ 11,419,504</b>	<b>\$ 16,109,612</b>	<b>\$ 17,147,393</b>

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 2014 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 difference between the original budget and final amended budget for expenditures and transfers out in the General Fund resulted in an increase of \$225,968 in appropriations. The largest increases were within the judicial and general government departments.

During the year, general fund revenues were \$114,970 less than budgetary estimates, while general fund expenditures were \$349,724 less than budgetary estimates. The actual change in fund balance was an increase.

### **Capital Assets**

The County's investment in capital assets for its governmental activities as of December 31, 2014, amounted to \$12,669,307 (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 \$2,317,509.

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

- Purchases include vehicles of \$60,310 and various equipment of \$131,510.

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 \$18,443,667. Of this amount, \$12,735,958 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 and OPEB obligations.

The County reduced its bond debt by \$8,545,000 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 37-39 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 slowed, 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**

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	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
<b>ASSETS:</b>				
Cash and Investments - Unrestricted	\$ 6,955,231	\$ 9,780,908	\$ 16,736,139	\$ 3,255,415
Cash and Investments - Restricted	863,340	-	863,340	20,000
Receivables:				
Accounts	1,878,106	-	1,878,106	1,036,819
Taxes	2,925,536	1,795,669	4,721,205	794,802
Interest	-	266,520	266,520	-
Due from Governmental Units	1,008,293	-	1,008,293	1,549,923
Inventory	13,386	-	13,386	985,380
Prepaid Items	191,070	-	191,070	181,011
Capital Assets (nondepreciable)	231,810	-	231,810	52,733,693
Capital Assets (net of accumulated depreciation)	12,437,497	-	12,437,497	60,453,120
<b>TOTAL ASSETS</b>	<b>26,504,269</b>	<b>11,843,097</b>	<b>38,347,366</b>	<b>121,010,163</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Deferred Charges on Refunding	245,535	-	245,535	-
<b>LIABILITIES:</b>				
Accounts Payable	625,124	-	625,124	407,971
Accrued Liabilities	420,995	12,903	433,898	191,725
Advances	-	-	-	340,009
Unearned Revenue	364,543	-	364,543	-
Other Liabilities	161,190	-	161,190	108,783
Accrued Interest Payable	117,314	-	117,314	-
Due to Governmental Units	73,496	-	73,496	44,723
Notes Payable - Due within one year	-	-	-	610,198
Notes Payable - Due in more than one year	-	-	-	21,539
Bonds Payable - Due within one year	1,415,000	-	1,415,000	-
Bonds Payable - Due in more than one year	11,320,958	-	11,320,958	-
Vested Employee Benefits - Due in more than one year	623,550	-	623,550	390,275
OPEB Obligations - Due in more than one year	5,084,159	-	5,084,159	2,447,511
<b>TOTAL LIABILITIES</b>	<b>20,206,329</b>	<b>12,903</b>	<b>20,219,232</b>	<b>4,562,734</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Other State Grants	-	-	-	197,167
Taxes Levied for a Subsequent Period	2,264,057	-	2,264,057	794,802
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>2,264,057</b>	<b>-</b>	<b>2,264,057</b>	<b>991,969</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	(66,651)	-	(66,651)	112,555,076
Restricted	1,187,821	-	1,187,821	1,453,665
Unrestricted	3,158,248	11,830,194	14,988,442	1,446,719
<b>TOTAL NET POSITION</b>	<b>\$ 4,279,418</b>	<b>\$ 11,830,194</b>	<b>\$ 16,109,612</b>	<b>\$ 115,455,460</b>



# County of Chippewa, Michigan

## Statement of Activities For the Year Ended December 31, 2014

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	
<b>Primary Government:</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 102,659	\$ -	\$ -	\$ -	\$ (102,659)	\$ -	\$ (102,659)	\$ -
Judicial	2,565,373	319,793	445,025	-	(1,800,555)	-	(1,800,555)	-
General Government	4,996,192	481,402	1,596,077	-	(2,918,713)	-	(2,918,713)	-
Public Safety	5,450,460	1,593,779	730,254	104,489	(3,021,938)	-	(3,021,938)	-
Public Works	1,389,201	72,655	1,249,031	-	(67,515)	-	(67,515)	-
Health and Welfare	8,772,747	4,908,888	1,345,046	-	(2,518,813)	-	(2,518,813)	-
Community/Economic Development	180,136	-	180,136	-	-	-	-	-
Interest Expense - Unallocated	410,230	-	-	-	(410,230)	-	(410,230)	-
Other	1,088,916	-	-	-	(1,088,916)	-	(1,088,916)	-
Depreciation - Unallocated	752,309	-	-	-	(752,309)	-	(752,309)	-
Total Governmental Activities	<u>25,708,223</u>	<u>7,376,517</u>	<u>5,545,569</u>	<u>104,489</u>	<u>(12,681,648)</u>	<u>-</u>	<u>(12,681,648)</u>	<u>-</u>
<b>Business-type activities:</b>								
Tax Collection	4,873	907,261	-	-	-	902,388	902,388	-
Other Nonmajor	169,567	405,138	-	-	-	235,571	235,571	-
Total Business-type Activities	<u>174,440</u>	<u>1,312,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,137,959</u>	<u>1,137,959</u>	<u>-</u>
Total Primary Government	<u>\$ 25,882,663</u>	<u>\$ 8,688,916</u>	<u>\$ 5,545,569</u>	<u>\$ 104,489</u>	<u>(12,681,648)</u>	<u>1,137,959</u>	<u>(11,543,689)</u>	<u>-</u>
<b>Component Units:</b>								
Road Commission	\$ 9,984,393	\$ 3,473,397	\$ 5,069,629	\$ 3,382,902				1,941,535
Economic Development Corporation	4,162,644	2,591,548	-	3,473,431				1,902,335
E.U.P. Transportation Authority	4,011,706	1,465,980	1,716,849	255,527				(573,350)
Total Component Units	<u>18,158,743</u>	<u>7,530,925</u>	<u>6,786,478</u>	<u>7,111,860</u>				<u>3,270,520</u>
Total	<u>\$ 44,041,406</u>	<u>\$ 16,219,841</u>	<u>\$ 12,332,047</u>	<u>\$ 7,216,349</u>				
<b>General Revenues and Transfers:</b>								
Taxes					9,114,272	-	9,114,272	784,856
State Revenue Sharing and Other					1,334,052	-	1,334,052	99,769
Interest Income					62,283	51,617	113,900	17,775
Transfers					722,570	(778,886)	(56,316)	56,316
Total General Revenues and Transfers					<u>11,233,177</u>	<u>(727,269)</u>	<u>10,505,908</u>	<u>958,716</u>
Changes in Net Position					<u>(1,448,471)</u>	<u>410,690</u>	<u>(1,037,781)</u>	<u>4,229,236</u>
Net Position - Beginning					5,727,889	11,419,504	17,147,393	110,553,178
Prior Period Adjustment					-	-	-	673,046
Net Position - Ending					<u>\$ 4,279,418</u>	<u>\$ 11,830,194</u>	<u>\$ 16,109,612</u>	<u>\$ 115,455,460</u>

See accompanying notes to financial statements.

# County of Chippewa, Michigan

## Balance Sheet Governmental Funds December 31, 2014

	General	Health Department 9/30/2014	Chippewa County Recycling	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 3,495,315	\$ -	\$ 261,232	\$ -	\$ 610	\$ 663,575	\$ 961,395	\$ 5,382,127
Cash and Investments - Restricted	-	863,340	-	-	-	-	-	863,340
Receivables:								
Accounts	3,918	1,744,826	-	6,125	-	-	123,237	1,878,106
Taxes	661,479	-	532,243	531,605	455,068	638,692	106,449	2,925,536
Inventory	-	3,573	-	-	-	-	-	3,573
Due from Other Funds	254,133	-	-	-	-	-	-	254,133
Due from Governmental Units	337,484	513,856	-	-	-	-	156,953	1,008,293
Prepaid Items	93,757	53,877	7,800	-	-	1,743	33,893	191,070
<b>TOTAL ASSETS</b>	<b>\$ 4,846,086</b>	<b>\$ 3,179,472</b>	<b>\$ 801,275</b>	<b>\$ 537,730</b>	<b>\$ 455,678</b>	<b>\$ 1,304,010</b>	<b>\$ 1,381,927</b>	<b>\$ 12,506,178</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 6,125	\$ -	\$ -	\$ 238,801	\$ 244,926
Accounts Payable	205,407	294,848	-	-	-	9,427	115,442	625,124
Accrued Liabilities	213,662	166,647	-	-	-	-	40,686	420,995
Due to Governmental Units	10,037	63,459	-	-	-	-	-	73,496
Unearned Revenue	73,208	291,335	-	-	-	-	-	364,543
Other Liabilities	-	161,190	-	-	-	-	-	161,190
Compensated Absences	-	205,262	-	-	-	-	-	205,262
<b>TOTAL LIABILITIES</b>	<b>502,314</b>	<b>1,182,741</b>	<b>-</b>	<b>6,125</b>	<b>-</b>	<b>9,427</b>	<b>394,929</b>	<b>2,095,536</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	532,243	531,605	455,068	638,692	106,449	2,264,057
<b>FUND BALANCES:</b>								
Nonspendable	93,757	57,450	7,800	-	-	1,743	33,893	194,643
Restricted	-	-	261,232	-	610	654,148	271,831	1,187,821
Committed	418,288	205,262	-	-	-	-	7,503	631,053
Assigned	314,844	713,483	-	-	-	-	601,215	1,629,542
Unassigned	3,516,883	1,020,536	-	-	-	-	(33,893)	4,503,526
<b>TOTAL FUND BALANCES</b>	<b>4,343,772</b>	<b>1,996,731</b>	<b>269,032</b>	<b>-</b>	<b>610</b>	<b>655,891</b>	<b>880,549</b>	<b>8,146,585</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 4,846,086</b>	<b>\$ 3,179,472</b>	<b>\$ 801,275</b>	<b>\$ 537,730</b>	<b>\$ 455,678</b>	<b>\$ 1,304,010</b>	<b>\$ 1,381,927</b>	

**Reconciliation to amounts reported for governmental activities in the statement of net position:**

Capital assets used by governmental activities	12,669,307
Long-term notes and leases payable for governmental activities	(12,490,423)
Long-term Vested Employee Benefits and OPEB obligations	(5,502,447)
Internal service funds included in governmental activities	1,573,710
Accrued interest expense recognized under full accrual accounting	(117,314)
<b>Net position of governmental activities</b>	<b>\$ 4,279,418</b>

See accompanying notes to financial statements.

# County of Chippewa, Michigan

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

	General	Health Department 9/30/2014	Chippewa County Recycling	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Non-Major Governmental Funds	Totals Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ 6,797,962	\$ -	\$ 550,768	\$ 537,910	\$ 465,070	\$ 653,876	\$ 108,686	\$ 9,114,272
License and Permits	33,710	-	-	-	-	-	-	33,710
Federal Sources	424,421	733,198	-	-	-	-	249,376	1,406,995
State Sources	2,128,877	321,499	-	-	-	-	280,007	2,730,383
Local Sources	217,931	233,609	-	-	-	-	1,679,768	2,131,308
Charges for Services	1,533,061	4,710,246	-	-	-	-	1,008,723	7,252,030
Interest and Rentals	56,729	187	-	-	-	4,204	1,163	62,283
Fines and Forfeitures	90,777	-	-	-	-	-	-	90,777
Other Revenue	445,559	182,014	-	-	-	-	87,851	715,424
<b>TOTAL REVENUES</b>	<b>11,729,027</b>	<b>6,180,753</b>	<b>550,768</b>	<b>537,910</b>	<b>465,070</b>	<b>658,080</b>	<b>3,415,574</b>	<b>23,537,182</b>
<b>EXPENDITURES:</b>								
Legislative	102,659	-	-	-	-	-	-	102,659
Judicial	2,552,236	-	-	-	-	-	13,137	2,565,373
General Government	3,552,697	-	-	-	-	-	21,013	3,573,710
Public Safety	3,811,243	-	-	-	-	37,069	1,602,148	5,450,460
Public Works	-	-	551,200	-	-	-	135,080	686,280
Health and Welfare	373,070	6,663,607	-	538,071	302,369	-	519,627	8,396,744
Community/Economic Development	-	-	-	-	-	-	180,136	180,136
Capital Outlay	114,788	-	-	-	-	-	262,395	377,183
Debt Service	-	-	-	-	-	-	9,148,033	9,148,033
Other Expenditures	903,553	-	-	-	-	-	-	903,553
<b>TOTAL EXPENDITURES</b>	<b>11,410,246</b>	<b>6,663,607</b>	<b>551,200</b>	<b>538,071</b>	<b>302,369</b>	<b>37,069</b>	<b>11,881,569</b>	<b>31,384,131</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>318,781</b>	<b>(482,854)</b>	<b>(432)</b>	<b>(161)</b>	<b>162,701</b>	<b>621,011</b>	<b>(8,465,995)</b>	<b>(7,846,949)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	864,421	151,832	-	-	-	-	8,580,383	9,596,636
Operating Transfers Out	(705,851)	-	-	-	(162,814)	(601,800)	(7,403,601)	(8,874,066)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>477,351</b>	<b>(331,022)</b>	<b>(432)</b>	<b>(161)</b>	<b>(113)</b>	<b>19,211</b>	<b>(7,289,213)</b>	<b>(7,124,379)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>3,866,421</b>	<b>2,327,753</b>	<b>269,464</b>	<b>161</b>	<b>723</b>	<b>636,680</b>	<b>8,169,762</b>	<b>15,270,964</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 4,343,772</b>	<b>\$ 1,996,731</b>	<b>\$ 269,032</b>	<b>\$ -</b>	<b>\$ 610</b>	<b>\$ 655,891</b>	<b>\$ 880,549</b>	<b>\$ 8,146,585</b>

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**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, 2014**

Net changes in fund balances - total governmental funds \$ (7,124,379)

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. (2,317,509)

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. 8,949,862

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	31,951
Vested Employee Benefits and OPEB Obligations	(978,064)
Internal Service Fund Activity	<u>(10,332)</u>
Changes in net position of governmental activities	<u><u>\$ (1,448,471)</u></u>

**Statement of Net Position  
Proprietary Funds  
December 31, 2014**

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
<b>ASSETS:</b>				
Cash and Investments - Unrestricted	\$ 9,481,306	\$ 299,602	\$ 9,780,908	\$ 1,573,104
Taxes Receivable	1,795,669	-	1,795,669	-
Inventory	-	-	-	9,813
Accrued Interest Receivable	266,520	-	266,520	-
<b>TOTAL ASSETS</b>	<b>\$ 11,543,495</b>	<b>\$ 299,602</b>	<b>\$ 11,843,097</b>	<b>\$ 1,582,917</b>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ -	\$ -	\$ 9,207
Accrued Liabilities	12,903	-	12,903	-
<b>TOTAL LIABILITIES</b>	<b>12,903</b>	<b>-</b>	<b>12,903</b>	<b>9,207</b>
<b>NET POSITION:</b>				
Unrestricted	11,530,592	299,602	11,830,194	1,573,710
<b>TOTAL NET POSITION</b>	<b>\$ 11,530,592</b>	<b>\$ 299,602</b>	<b>\$ 11,830,194</b>	<b>\$ 1,573,710</b>

**Statement of Revenues, Expenses, and  
Changes in Net Position - Proprietary Funds  
For the Year Ended December 31, 2014**

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 475,781	\$ -	\$ 475,781	\$ 3,320,950
Penalties and Interest Charges	431,480	405,138	836,618	-
Total Operating Revenues	<u>907,261</u>	<u>405,138</u>	<u>1,312,399</u>	<u>3,320,950</u>
<b>OPERATING EXPENSES:</b>				
Premium Reimbursements	-	-	-	3,315,883
Other Supplies and Expenses	4,873	169,567	174,440	15,399
Total Operating Expenses	<u>4,873</u>	<u>169,567</u>	<u>174,440</u>	<u>3,331,282</u>
<b>OPERATING INCOME (LOSS)</b>	<u>902,388</u>	<u>235,571</u>	<u>1,137,959</u>	<u>(10,332)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>				
Interest on Deposits	51,617	-	51,617	-
Total Non-Operating Revenues (Expenses)	<u>51,617</u>	<u>-</u>	<u>51,617</u>	<u>-</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	954,005	235,571	1,189,576	(10,332)
Operating Transfers In	3,663,749	-	3,663,749	-
Operating Transfers Out	(4,178,817)	(263,818)	(4,442,635)	-
<b>CHANGES IN NET POSITION</b>	438,937	(28,247)	410,690	(10,332)
NET POSITION, JANUARY 1	<u>11,091,655</u>	<u>327,849</u>	<u>11,419,504</u>	<u>1,584,042</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 11,530,592</u></u>	<u><u>\$ 299,602</u></u>	<u><u>\$ 11,830,194</u></u>	<u><u>\$ 1,573,710</u></u>

# County of Chippewa, Michigan

## Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2014

	Business-type Activities Enterprise Funds		Governmental Activities	
	Tax Collections	Nonmajor Funds	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 917,312	\$ 405,138	\$ 1,322,450	\$ 3,320,950
Payments to Suppliers	(211,223)	(199,467)	(410,690)	(3,326,931)
Internal Activity - Receipts (Payments) with Other Funds	-	-	-	(4,616)
Net Cash Provided (Used) by Operating Activities	<u>706,089</u>	<u>205,671</u>	<u>911,760</u>	<u>(10,597)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Operating Transfers In (Out) - net	<u>(515,068)</u>	<u>(263,818)</u>	<u>(778,886)</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(515,068)</u>	<u>(263,818)</u>	<u>(778,886)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on Deposits	<u>51,617</u>	<u>-</u>	<u>51,617</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>51,617</u>	<u>-</u>	<u>51,617</u>	<u>-</u>
Net Increase (Decrease) in Cash and Investments	242,638	(58,147)	184,491	(10,597)
Balances - Beginning of the Year	<u>9,238,668</u>	<u>357,749</u>	<u>9,596,417</u>	<u>1,583,701</u>
Balances - End of the Year	<u>\$ 9,481,306</u>	<u>\$ 299,602</u>	<u>\$ 9,780,908</u>	<u>\$ 1,573,104</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ 902,388	\$ 235,571	\$ 1,137,959	\$ (10,332)
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	12,666	-	12,666	-
Accounts Receivable	-	100	100	-
Accrued Interest Receivable	(2,615)	-	(2,615)	-
Inventory	-	-	-	4,351
Due from Governmental Units	-	10,044	10,044	-
Increase (Decrease) in Liabilities:				
Due to Other Funds	-	(40,044)	(40,044)	(4,616)
Due to Governmental Units	(212,743)	-	(212,743)	-
Accrued Liabilities	6,393	-	6,393	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 706,089</u>	<u>\$ 205,671</u>	<u>\$ 911,760</u>	<u>\$ (10,597)</u>

**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2014**

	<u>Other Employee Benefit Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS:</b>		
Cash and Equivalents - Unrestricted	\$ -	\$ 1,201,293
Total Cash and Equivalents	<u>-</u>	<u>1,201,293</u>
Investments, at fair value:		
Equity Securities	5,031,577	-
Total Investments	<u>5,031,577</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 5,031,577</u>	<u>\$ 1,201,293</u>
<b>LIABILITIES:</b>		
Undistributed Tax Collections	\$ -	\$ 853,556
Other Liabilities	-	261,708
Due to Governmental Units	<u>-</u>	<u>86,029</u>
TOTAL LIABILITIES	<u>-</u>	<u>\$ 1,201,293</u>
<b>NET POSITION:</b>		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 5,031,577</u>	



**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Year Ended December 31, 2014**

	<u>Other Employee Benefit Trust Funds</u>
<b>ADDITIONS:</b>	
Contributions:	
Employer and Employee	<u>\$ 2,170,022</u>
Total Contributions	<u>2,170,022</u>
Investment Income:	
Interest, Dividends	<u>271,673</u>
Total Investment Income	<u>271,673</u>
Total Additions	<u>2,441,695</u>
<b>DEDUCTIONS:</b>	
Other Deductions	2,826
Participants Payments	<u>787,779</u>
Total Deductions	<u>790,605</u>
Change in Net Position	1,651,090
Net Position Held in Trust for Benefits, Beginning of Year	<u>3,380,487</u>
Net Position Held in Trust for Benefits, End of Year	<u><u>\$ 5,031,577</u></u>

## **Component Units**

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# County of Chippewa, Michigan

## Statement of Net Position Component Units December 31, 2014

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2014	Totals
<b>ASSETS:</b>				
Cash and Investments - Unrestricted	\$ 1,104,578	\$ 1,082,209	\$ 1,068,628	\$ 3,255,415
Cash and Investments - Restricted	-	-	20,000	20,000
Receivables:				
Accounts	786,803	214,701	35,315	1,036,819
Taxes	794,802	-	-	794,802
Due from Governmental Units	1,517,677	-	32,246	1,549,923
Inventory	922,933	62,447	-	985,380
Prepaid Items	165,260	-	15,751	181,011
Capital Assets (Nondepreciable)	50,787,018	1,946,675	-	52,733,693
Capital Assets (Net of Accumulated Depreciation)	29,858,839	22,173,951	8,420,330	60,453,120
<b>TOTAL ASSETS</b>	<b>\$ 85,937,910</b>	<b>\$ 25,479,983</b>	<b>\$ 9,592,270</b>	<b>\$ 121,010,163</b>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 312,765	\$ 30,322	\$ 64,884	\$ 407,971
Other Liabilities	-	34,918	73,865	108,783
Due to Governmental Units	2,998	-	41,725	44,723
Accrued Liabilities	191,725	-	-	191,725
Advances	340,009	-	-	340,009
Installment Purchase Agreements Payable - Due within one year	610,198	-	-	610,198
Installment Purchase Agreements Payable - Due in more than one year	21,539	-	-	21,539
Vested Employee Benefits - Due in more than one year	159,644	39,608	191,023	390,275
OPEB Obligation - Due in more than one year	2,390,742	56,769	-	2,447,511
<b>TOTAL LIABILITIES</b>	<b>4,029,620</b>	<b>161,617</b>	<b>371,497</b>	<b>4,562,734</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Other State Grants	197,167	-	-	197,167
Taxes Levied for a Subsequent Period	794,802	-	-	794,802
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>991,969</b>	<b>-</b>	<b>-</b>	<b>991,969</b>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	80,014,120	24,120,626	8,420,330	112,555,076
Restricted for Transportation/Roads	902,201	-	551,464	1,453,665
Unrestricted	-	1,197,740	248,979	1,446,719
<b>TOTAL NET POSITION</b>	<b>80,916,321</b>	<b>25,318,366</b>	<b>9,220,773</b>	<b>115,455,460</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 85,937,910</b>	<b>\$ 25,479,983</b>	<b>\$ 9,592,270</b>	<b>\$ 121,010,163</b>

# County of Chippewa, Michigan

## Statement of Activities Component Units For the Year Ended December 31, 2014

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 9/30/2014	
<b>Road Commission:</b>								
Public Works	\$ 9,984,393	\$ 3,473,397	\$ 5,069,629	\$ 3,382,902	\$ 1,941,535	\$ -	\$ -	\$ 1,941,535
<b>Economic Development Corporation:</b>								
Economic Development	4,162,644	2,591,548	-	3,473,431	-	1,902,335	-	1,902,335
<b>E.U.P. Transportation Authority:</b>								
Public Works	4,011,706	1,465,980	1,716,849	255,527	-	-	(573,350)	(573,350)
Total Component Units	<u>\$ 18,158,743</u>	<u>\$ 7,530,925</u>	<u>\$ 6,786,478</u>	<u>\$ 7,111,860</u>	<u>1,941,535</u>	<u>1,902,335</u>	<u>(573,350)</u>	<u>3,270,520</u>
<b>General Revenues and Transfers:</b>								
Taxes					784,856	-	-	784,856
Interest Income					4,991	10,305	2,479	17,775
Other					-	99,769	-	99,769
Transfers In					-	26,316	30,000	56,316
<b>Total General Revenues and Transfers</b>					<u>789,847</u>	<u>136,390</u>	<u>32,479</u>	<u>958,716</u>
Changes in Net Position					2,731,382	2,038,725	(540,871)	4,229,236
Net Position - Beginning					78,184,939	23,279,641	9,088,598	110,553,178
Prior Period Adjustment					-	-	673,046	673,046
<b>Net Position - Ending</b>					<u>\$ 80,916,321</u>	<u>\$ 25,318,366</u>	<u>\$ 9,220,773</u>	<u>\$ 115,455,460</u>

## **Notes to Financial Statements**

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**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, 2014 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, 2014.

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 2014 ad valorem tax is levied and collectible on December 1, 2013, and 2014 ad valorem tax is levied and collectible on July 1, 2014, 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, 2013 taxable valuation of the County of Chippewa totaled \$1,090,343,959, 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, 2014 taxable valuation of the County of Chippewa totaled \$1,087,017,068 (including \$405,500 Senior PILT), 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 cash 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 1<sup>st</sup> and July 1<sup>st</sup> on the taxable valuation of property as of the preceding December 31<sup>st</sup>. Taxes are considered delinquent on March 1<sup>st</sup> 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

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 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.

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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 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 and liabilities 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 original budget adopted for the General fund was modified throughout the year through various budget amendments.

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	\$ 6,955,231	\$ 9,780,908	\$ 16,736,139	\$ 1,201,293	\$ 3,255,415
-Restricted	<u>863,340</u>	<u>-</u>	<u>863,340</u>	<u>5,031,577</u>	<u>20,000</u>
Total	<u>\$ 7,818,571</u>	<u>\$ 9,780,908</u>	<u>\$ 17,599,479</u>	<u>\$ 6,232,870</u>	<u>\$ 3,275,415</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)	\$ 16,724,892	\$ 2,667,112
Investments:		
Municipal Bonds	790,000	-
Repurchase Agreement	80,387	-
Public Money Market Funds	-	606,523
Petty Cash and Cash on Hand	<u>4,200</u>	<u>1,780</u>
Total	<u>\$ 17,599,479</u>	<u>\$ 3,275,415</u>

Cash and investments are restricted in the amount of \$863,340 of the Health Department fund for health department operations and \$5,031,577 for employee benefits.

Investments:

<u>Description</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	<u>Rating</u>
Municipal Bonds	\$ 790,000	\$ 185,000	\$ 605,000	\$ -	AA-
Repurchase Agreements	<u>80,387</u>	<u>80,387</u>	<u>-</u>	<u>-</u>	Unavailable
Total Investments	<u>\$ 870,387</u>	<u>\$ 265,387</u>	<u>\$ 605,000</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, \$15,814,302 of the County's bank balance of \$17,791,423 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, 2014, 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, 2014, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 231,810	\$ -	\$ -	\$ 231,810
<i>Capital Assets Being Depreciated:</i>				
*Idled Asset	2,605,929	-	2,605,929	-
Land Improvements	209,400	-	-	209,400
Buildings and Improvements	18,621,182	-	-	18,621,182
Furniture and Equipment	4,928,925	131,510	-	5,060,435
Vehicles	<u>1,066,105</u>	<u>60,310</u>	<u>60,602</u>	<u>1,065,813</u>
Subtotal	<u>27,431,541</u>	<u>191,820</u>	<u>2,666,531</u>	<u>24,956,830</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	125,970	4,260	-	130,230
Buildings and Improvements	8,902,141	401,377	949,769	8,353,749
Furniture and Equipment	3,038,615	317,364	-	3,355,979
Vehicles	<u>609,809</u>	<u>130,168</u>	<u>60,602</u>	<u>679,375</u>
Subtotal	<u>12,676,535</u>	<u>853,169</u>	<u>1,010,371</u>	<u>12,519,333</u>
Net Capital Assets Being Depreciated	<u>14,755,006</u>	<u>(661,349)</u>	<u>(1,656,160)</u>	<u>12,437,497</u>
Capital Assets - Net	<u>\$ 14,986,816</u>	<u>\$ (661,349)</u>	<u>\$ (1,656,160)</u>	<u>\$ 12,669,307</u>

\*The idled asset category represents the cost of the Courthouse Annex building and improvements of such. This building was sold in fiscal year 2014.

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

Health and Welfare	\$ 100,860
Unallocated	<u>752,309</u>
Total	<u>\$ 853,169</u>



**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital asset activity of the Chippewa County Road Commission year ended December 31, 2014, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital Assets Not Being Depreciated:</i>				
Land and Improvements	\$ 269,402	\$ -	\$ -	\$ 269,402
Land/Improvements - Infrastructure	49,209,051	1,004,456	-	50,213,507
Construction in Progress	-	304,109	-	304,109
Subtotal	<u>49,478,453</u>	<u>1,308,565</u>	<u>-</u>	<u>50,787,018</u>
<i>Capital Assets Being Depreciated:</i>				
Buildings	4,270,896	672,635	-	4,943,531
Road Equipment	12,542,445	66,340	12,750	12,596,035
Shop Equipment	273,636	1,416	2,679	272,373
Office Equipment	51,493	5,657	-	57,150
Engineers' Equipment	65,721	2,512	-	68,233
Depletable Assets	1,172,540	-	-	1,172,540
Infrastructure – Roads	37,265,192	2,074,337	1,249,210	38,090,319
Infrastructure – Bridges	13,205,142	-	-	13,205,142
Subtotal	<u>68,847,065</u>	<u>2,822,897</u>	<u>1,264,639</u>	<u>70,405,323</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	2,171,241	118,281	-	2,289,522
Road Equipment	12,044,233	240,226	9,917	12,274,542
Shop Equipment	204,950	16,808	2,679	219,079
Office Equipment	45,624	3,172	-	48,796
Engineers' Equipment	62,859	1,754	-	64,613
Depletable Assets	329,649	48,850	-	378,499
Infrastructure – Roads	16,354,399	2,034,531	1,249,210	17,139,720
Infrastructure – Bridges	7,858,938	272,775	-	8,131,713
Subtotal	<u>39,071,893</u>	<u>2,736,397</u>	<u>1,261,806</u>	<u>40,546,484</u>
Net Capital Assets Being Depreciated	<u>29,775,172</u>	<u>86,500</u>	<u>(2,833)</u>	<u>29,858,839</u>
Capital Assets – Net	<u>\$ 79,253,625</u>	<u>\$ 1,395,065</u>	<u>\$ (2,833)</u>	<u>\$ 80,645,857</u>

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

Total Depreciation Expense – Public Works \$ 2,736,397

**NOTE 4 - CAPITAL ASSETS (Continued)**

Capital asset activity of the Economic Development Corporation year ended December 31, 2014 was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 1,946,675	\$ -	\$ -	\$ 1,946,675
Construction in Progress	<u>149,451</u>	<u>-</u>	<u>149,451</u>	<u>-</u>
Subtotal	<u>2,096,126</u>	<u>-</u>	<u>149,451</u>	<u>1,946,675</u>
<i>Capital Assets Being Depreciated:</i>				
Vehicles	1,421,792	-	-	1,421,792
Improvements	18,523,903	3,711,944	-	22,235,847
Buildings	12,155,675	-	227,304	11,928,371
Equipment	<u>4,781,033</u>	<u>-</u>	<u>-</u>	<u>4,781,033</u>
Subtotal	<u>36,882,403</u>	<u>3,711,944</u>	<u>227,304</u>	<u>40,367,043</u>
<i>Less Accumulated Depreciation:</i>				
Vehicles	1,304,474	37,151	-	1,341,625
Improvements	6,997,041	880,554	-	7,877,595
Buildings	4,793,326	395,103	15,155	5,173,274
Equipment	<u>3,612,826</u>	<u>187,772</u>	<u>-</u>	<u>3,800,598</u>
Subtotal	<u>16,707,667</u>	<u>1,500,580</u>	<u>15,155</u>	<u>18,193,092</u>
Net Capital Assets Being Depreciated	<u>20,174,736</u>	<u>2,211,364</u>	<u>(212,149)</u>	<u>22,173,951</u>
Capital Assets – Net	<u>\$ 22,270,862</u>	<u>\$ 2,211,364</u>	<u>\$ (361,600)</u>	<u>\$ 24,120,626</u>

Depreciation expense was charged to business-type activities for the Economic Development Corporation in the amount of \$1,500,580.

Capital assets activity for the Eastern Upper Peninsula Transportation Authority year ended September 30, 2014, was as follows:

	Beginning Balances	Additions/ Adjustments	Deductions/ Adjustments	Ending Balances
<i>Capital Assets Not Being Depreciated:</i>				
Construction in Progress	\$ 2,400	\$ -	\$ 2,400	\$ -
<i>Capital Assets Being Depreciated:</i>				
EUPTA Assets	1,805	-	-	1,805
Busing Assets	870,893	7,000	-	877,893
Ferry Assets	<u>18,268,038</u>	<u>212,267</u>	<u>2,400</u>	<u>18,482,705</u>
Subtotal	<u>19,140,736</u>	<u>219,267</u>	<u>2,400</u>	<u>19,362,403</u>

**NOTE 4 - CAPITAL ASSETS (Continued)**

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Deductions/ Adjustments</u>	<u>Ending Balances</u>
<i>Less Accumulated Depreciation:</i>				
EUPA Assets	1,805	-	-	1,805
Busing Assets	496,778	86,053	-	582,831
Ferry Assets	<u>9,743,142</u>	<u>614,295</u>	-	<u>10,357,437</u>
Subtotal	<u>10,241,725</u>	<u>700,348</u>	-	<u>10,942,073</u>
Net Capital Assets being Depreciated	<u>8,899,011</u>	<u>(481,081)</u>	<u>2,400</u>	<u>8,420,330</u>
Capital assets – Net	<u>\$ 8,901,411</u>	<u>\$ (481,081)</u>	<u>\$ -</u>	<u>\$ 8,420,330</u>

Depreciation expense was charged to business-type activities for the Eastern Upper Peninsula Transportation Authority in the amount of \$700,348.

**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:

		<b>DUE TO</b>
		<u>General Fund</u>
<b>DUE FROM</b>	Senior Nutrition	\$ 6,125
	Nonmajor Governmental Funds	238,801
	Internal Service Funds	<u>9,207</u>
	Total	<u>\$ 254,133</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.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Continued)

		TRANSFERS (OUT)							
		General	Ambulance	Correctional Facility Maintenance	Nonmajor Governmental	Tax Collection	Nonmajor Enterprise	2013 Refunding	Totals
TRANSFERS IN	General	\$ 38,762	\$ -	\$ -	\$ 46,773	\$ 515,068	\$ 263,818	\$ -	\$ 864,421
	Health Department	151,832	-	-	-	-	-	-	151,832
	Nonmajor								
	Governmental	458,941	162,814	601,800	211,678	-	-	7,145,150	8,580,383
	Tax Collections	-	-	-	-	3,663,749	-	-	3,663,749
	Component Units	<u>56,316</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>56,316</u>
Total	<u>\$ 705,851</u>	<u>\$ 162,814</u>	<u>\$ 601,800</u>	<u>\$ 258,451</u>	<u>\$ 4,178,817</u>	<u>\$ 263,818</u>	<u>\$ 7,145,150</u>	<u>\$ 13,316,701</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>
<b>Governmental Activities</b>							
2000 Chippewa Co. Water Supply System Bonds (Series A)	4.50%	2036	\$ 365,958	\$ -	\$ 10,000	\$ 355,958	\$ 10,000
2010 City of Sault Ste. Marie Water Supply and Sewage Disposal System Bonds	1.40% to 6.35%	2029	7,025,000	-	7,025,000	-	-
2013 City of Sault Ste. Marie Refunding Bonds	2.00% to 4.50%	2029	7,040,000	-	355,000	6,685,000	310,000
2010 Chippewa County Refunding Bonds	2.0% to 4.0%	2018	2,050,000	-	475,000	1,575,000	410,000
2011 City of Sault Ste. Marie Refunding Bonds	2.0% to 3.63%	2022	3,830,000	-	500,000	3,330,000	500,000
2009 Chippewa County General Obligation Bonds	4.00%	2018	<u>970,000</u>	<u>-</u>	<u>180,000</u>	<u>790,000</u>	<u>185,000</u>
Total Governmental Activities			<u>\$21,280,958</u>	<u>\$ -</u>	<u>\$ 8,545,000</u>	<u>\$12,735,958</u>	<u>\$ 1,415,000</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>
2015	\$ 1,415,000	\$ 442,211
2016	1,321,000	400,861
2017	1,626,000	360,541
2018	1,687,000	311,046
2019	637,000	251,754
2020-2024	2,960,000	939,464
2025-2029	2,948,000	417,701
2030-2034	110,000	17,540
2035-2036	<u>31,958</u>	<u>313</u>
Total	<u>\$ 12,735,958</u>	<u>\$ 3,141,431</u>

Interest expense of the primary government was unallocated in the amount of \$410,230.

**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	\$ 622,433	\$ 1,117	\$ 623,550

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 at December 31, 2014 is as follows:

Vacation	\$ 330,695
Sick Leave	288,907
Other	<u>3,948</u>
TOTALS	<u>\$ 623,550</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.	\$ 151,105	\$ -	\$ 122,921	\$ 28,184	\$ 28,184
Installment payable secured by real estate mortgage, payable in monthly installments of \$5,055 including interest of 3.90%, due 2014.	13,302	-	13,302	-	-
Installment payable secured by radios, payable in monthly installments of \$2,721 including interest of 1.69%, due 2016.	85,027	-	31,474	53,553	32,014

**NOTE 6 - LONG-TERM DEBT (Continued)**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
State Infrastructure Bank note payable general obligation, 0% interest, due June 2015.	550,000	-	-	550,000	550,000
Subtotal	799,434	-	167,697	631,737	<u>\$ 610,198</u>
Compensated Absences (1)	129,256	30,388	-	159,644	
<b>TOTAL LONG-TERM DEBT</b>	<u>\$ 928,690</u>	<u>\$ 30,388</u>	<u>\$ 167,697</u>	<u>\$ 791,381</u>	

(1) Net increase.

Annual debt service requirements are as follows:

	Principal	Interest	Total
2015	\$ 610,198	\$ 779	\$ 610,977
2016	21,539	133	21,672
Total	<u>\$ 631,737</u>	<u>\$ 912</u>	<u>\$ 632,649</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, 2014.

**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 2014, the Health Department and EDC contributed \$946,782 and \$40,157 to the plan. The County contributed \$917,243 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	\$ 1,561,771	\$ 1,082,811	\$ 55,163
Interest on net OPEB obligation	<u>58,393</u>	<u>139,114</u>	<u>1,606</u>
Annual OPEB cost (expense)	1,620,164	1,221,925	56,769
Contributions made	<u>(917,243)</u>	<u>(946,782)</u>	<u>(40,157)</u>
Increase (decrease) in net OPEB obligation	702,921	275,143	16,612
Net OPEB obligation – beginning of year	<u>1,459,835</u>	<u>2,646,260</u>	<u>40,157</u>
Net OPEB obligation – end of year	<u>\$ 2,162,756</u>	<u>\$ 2,921,403</u>	<u>\$ 56,769</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 2012, 2013 and 2014 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
	2012	\$ 1,518,453	\$ 954,321	\$ 77,003	26%	31%	98%	\$ 3,583,212	\$ 1,954,169
2013	\$ 1,537,526	\$ 972,731	\$ 40,157	238%	29%	124%	\$ 1,459,835	\$ 2,646,260	\$ 40,157
2014	\$ 1,620,164	\$ 1,221,925	\$ 56,769	57%	77%	71%	\$ 2,162,756	\$ 2,921,403	\$ 56,769

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

*Funding Policy.* Contribution requirements also are negotiated between the Commission and employees. The Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal year 2014, the Commission contributed \$1,245,783 to the plan. Total member contributions were \$21,512.

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

	<u>Road Fund</u>
Annual required contribution	\$ 1,176,401
Interest on net OPEB obligation	<u>83,193</u>
Annual OPEB cost (expense)	1,259,594
Contributions made	<u>(1,245,783)</u>
Increase in net OPEB obligation	13,811
Net OPEB obligation – beginning of year	<u>2,376,931</u>
Net OPEB obligation – end of year	<u>\$ 2,390,742</u>

The Commission’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2012, 2013 and 2014 are 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>
2012	\$ 1,132,451	112.12%	\$ 2,225,849
2013	\$ 1,068,721	85.86%	\$ 2,376,931
2014	\$ 1,259,594	98.90%	\$ 2,390,742

*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 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 2.0 percent times the final compensation (FAC). The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2013.

MERS was organized pursuant to Section 12A of Act #156, Public Acts of 1851 (MSA 5.333 (a); MCLA 46.12 (a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

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.

The contribution rate as a percentage of payroll or estimated monthly contributions at December 31, 2014 are as follows:

General – Other	\$	25,139
Sheriff	\$	10,902
Health Department	\$	5,812
Employment Training		10.3%
Economic – General		8.52%
Non-Union	\$	15,197
General – Non-Union	\$	22,017
Sheriff – Road	\$	8,703
Sheriff – Road new hire		.43%
Sheriff – Hired after 5/1/10		3.48%
General – Non-Union hired after 5/1/10		4.59%
Teamsters – Hired after 4/1/11		4.74%
Non-Union – Hired after 4/1/11		2.79%
General Other – Hired after 4/1/12		3.51%

Annual Pension Cost

During the fiscal year ended December 31, 2014, the County’s contributions totaling \$932,010 were made in accordance with the contribution requirement determined by an actuarial valuation of the plan as of December 31, 2012. 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.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	802,181	100%	0
2012	912,505	100%	0
2013	907,104	100%	0

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

*Road Commission*

Plan Description

The Chippewa County Road Commission participates in the Michigan Municipal Employees' Retirement System (MERS), an agent multiple-employer defined benefit pension plan that covers all employees of the Road Commission. The system provides retirement, disability and death benefits to plan members and their beneficiaries. MERS issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the System at: 1134 Municipal Way, Lansing, Michigan.

Funding Policy

The obligation to contribute and maintain the system for these employees was established by negotiation with the Chippewa County Road Commission's competitive bargaining units and requires an employee contribution of 2% of wages. The Commission contributed a monthly fixed amount of \$48,619 and 6.56% of payroll cost for employees.

Annual Pension Costs

For year ended 2014, the Chippewa County Road Commission's annual pension cost of \$558,337 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation as December 31, 2012, using the age normal cost method. Significant actuarial assumptions used include: (i) a 8% investment rate of return; (ii) projected salary increases of 4.5 percent per year. Both determined using techniques that smooth the effects of short-term volatility over a ten year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 26 years.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 484,397	100%	0
2012	498,196	100%	0
2013	544,328	100%	0

*Eastern Upper Peninsula Transportation Authority*

Description of Plan and Plan Assets

The Authority is in an agent single-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 multiplied by the sum of 2.5 percent times the final compensation (FAC), with a maximum benefit of 80% of FAC. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2013.

**NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**

MERS was organized pursuant to Section 12a of Act #156, Public Acts of 1851 (MSA) 5.333(a); MCLA 46.12(a), as amended, State of Michigan. MERS is regulated under Act No. 427 of Public Acts of 1984, sections of which have been approved by the State Pension Commission. MERS issued a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the MERS at 1134 Municipal Way, Lansing, Michigan 48917-9755.

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Authority's competitive bargaining unit and personnel policy. The Authority is required to contribute at an actuarially determined rate. The contribution rate as a percentage of payroll at September 30, 2014 is as follows:

General Division	37.92%
Bus Union Division	133.48%

Annual Pension Cost

During the fiscal year ended September 30, 2014, the Authority's contributions totaling \$301,465 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.

<u>Year Ended Dec 31</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2012	\$ 254,761	100%	0
2013	278,246	100%	0
2014	301,465	100%	0

**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, 2014</u>	
	<u>Required Balance</u>	<u>Actual Balance</u>
<b>Bond Reserves</b>		
Water Supply System Revenue Bond Series 2000	\$ 34,600	\$ 34,600
<b>Repair, Replacement and Improvements</b>		
Water Supply System Revenue Bond Series 2000	\$ 29,866	\$ 29,866*

\*Repair and replacement funds have only been utilized for water supply system related maintenance.

**NOTE 13 - EXCESS EXPENDITURES OVER APPROPRIATIONS**

Public Act 2 of 1968, as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated. In the body of the financial statements, the County’s actual expenditures were in excess of amounts appropriated as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund:			
Health and Welfare	\$ 275,686	\$ 373,070	\$ (97,384)

**NOTE 14 - PRIOR PERIOD ADJUSTMENTS**

During the current year, the Eastern Upper Peninsula Transportation Authority terminated its Other Post Employment Benefits (OPEB). This resulted in an accounting entry to unrestricted net position of \$714,409. Another entry of (\$41,725) was made to unrestricted net position due to the Authority being contracted by the State of Michigan indicating a discrepancy in prior year’s State Operating Assistance and Due from State calculations. A reconciliation of the prior period ending unrestricted net position to the current year beginning unrestricted net position is as follows:

Beginning unrestricted net position – October 1, 2013	\$ (328,017)
Adjustment to terminate OPEB liability	714,409
Adjustment to record due to state	(41,725)
Adjustment to depreciation	<u>362</u>
Beginning unrestricted net position, as restated – October 1, 2013	<u>\$ 345,029</u>

NOTE 14 - FUND BALANCES

	General	Health Department	Chippewa County Recycle	Senior Nutrition	Ambulance	Correctional Facility Maintenance	Nonmjr Governmental	Total
Nonspendable:								
Prepaid Items and Inventory	\$ 93,757	\$ 57,450	\$ 7,800	\$ -	\$ -	\$ 1,743	\$ 33,893	\$ 194,643
Restricted for:								
Public Safety	-	-	-	-	-	654,148	94,957	749,105
Public Works	-	-	261,232	-	-	-	-	261,232
Health and Welfare	-	-	-	-	610	-	63,119	63,729
Bond Retirement	-	-	-	-	-	-	113,755	113,755
Committed:								
General Government	418,288	205,262	-	-	-	-	-	623,550
Public Works	-	-	-	-	-	-	7,503	7,503
Assigned:								
Judicial	-	-	-	-	-	-	19,361	19,361
General Government	314,844	-	-	-	-	-	72,556	387,400
Public Safety	-	-	-	-	-	-	259,726	259,726
Health and Welfare	-	713,483	-	-	-	-	203,768	917,251
Economic Development	-	-	-	-	-	-	10,207	10,207
Public Works	-	-	-	-	-	-	35,597	35,597



## **Required Supplementary Information**

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**Pension:**

***Primary Government***

Three year trend information as of December 31st follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 28,641,084	\$ 29,452,202	\$ 30,490,775
Actuarial Accrued Liability	36,543,151	38,144,006	39,646,045
Unfunded AAL	7,902,067	8,691,804	9,155,270
Funded Ratio	78%	77%	77%
Covered Payroll	7,838,437	7,451,601	7,483,968
UAAL as a Percentage of Covered Payroll	101%	117%	122%

***Road Commission***

Three year trend information as of December 31st follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 10,422,470	\$ 10,218,858	\$ 10,133,722
Actuarial Accrued Liability	16,078,481	16,682,191	17,150,095
Unfunded AAL	5,656,011	6,463,333	7,016,373
Funded Ratio	65%	61%	59%
Covered Payroll	2,530,798	2,402,117	2,660,500
UAAL as a Percentage of Covered Payroll	223%	269%	264%

***Eastern Upper Peninsula Transportation Authority***

Three year trend information as of December 31st follows:

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 5,309,068	\$ 5,254,592	\$ 5,292,665
Actuarial Accrued Liability	8,442,399	9,216,969	9,842,951
Unfunded AAL	3,133,331	3,962,377	4,550,286
Funded Ratio	62%	57%	54%
Covered Payroll	942,143	855,094	1,011,314
UAAL as a Percentage of Covered Payroll	333%	463%	450%

**Pension: (Continued)**

*Chippewa County Health Department*

Three year trend information as of December 31st follows:

	<b>UNION</b>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 2,774,613	\$ 2,702,270	\$ 2,664,325
Actuarial Accrued Liability	3,214,236	3,345,281	3,456,846
Unfunded (Over Funded) AAL	439,623	643,011	792,521
Funded Ratio	86%	81%	77%
Covered Payroll	644,266	616,562	625,257
UAAL as a Percentage of Covered Payroll	68%	104%	127%
	<b>NON - UNION</b>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 5,906,137	\$ 6,080,510	\$ 6,315,881
Actuarial Accrued Liability	6,928,130	7,188,945	7,666,380
Unfunded (Over Funded) AAL	1,021,993	1,108,435	1,350,499
Funded Ratio	85%	85%	82%
Covered Payroll	1,975,001	1,748,841	1,756,535
UAAL as a Percentage of Covered Payroll	52%	63%	77%

*Chippewa County EDC*

Three year trend information as of December 31st follows:

	<b>GENERAL</b>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
Actuarial Value of Assets	\$ 765,948	\$ 827,550	\$ 1,391,971
Actuarial Accrued Liability	752,498	820,315	1,430,321
Unfunded (Over Funded) AAL	(13,450)	(7,235)	38,350
Funded Ratio	102%	101%	97%
Covered Payroll	230,467	236,737	377,180
UAAL as a Percentage of Covered Payroll	0%	0%	10%

**County of Chippewa, Michigan**

**Employee Retirement and Benefit Systems  
Schedule of Funding Progress  
December 31, 2014**

**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>
<b><i>Primary Government</i></b>						
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%
<b><i>Road Commission</i></b>						
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%
<b><i>Chippewa County Health Department</i></b>						
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	-
<b><i>Chippewa County EDC</i></b>						
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, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 6,861,674	\$ 6,861,674	\$ 6,797,962	\$ (63,712)
License and Permits	40,300	40,300	33,710	(6,590)
Federal Sources	667,396	666,776	424,421	(242,355)
State Sources	1,595,783	1,607,783	2,128,877	521,094
Local Sources	234,000	234,000	217,931	(16,069)
Charges for Services	1,856,086	1,856,086	1,533,061	(323,025)
Interest and Rentals	47,000	51,500	56,729	5,229
Fines and Forfeitures	79,000	79,000	90,777	11,777
Other Revenue	429,390	446,878	445,559	(1,319)
<b>TOTAL REVENUES</b>	<b>11,810,629</b>	<b>11,843,997</b>	<b>11,729,027</b>	<b>(114,970)</b>
<b>EXPENDITURES:</b>				
Legislative:				
Board of Commissioners	107,956	107,956	102,659	5,297
Judicial:				
Juvenile Court	396,945	449,445	433,055	16,390
Circuit Court	459,561	479,561	443,155	36,406
District Court	568,279	568,279	543,229	25,050
Friend of the Court	389,573	389,573	372,695	16,878
Jury Board	4,181	4,781	3,963	818
Probate Court	431,790	431,790	431,370	420
Public Defender	292,494	292,494	278,536	13,958
Bailiff	44,000	47,000	46,233	767
<b>Total Judicial</b>	<b>2,586,823</b>	<b>2,662,923</b>	<b>2,552,236</b>	<b>110,687</b>
General Government:				
Administrator	277,820	277,820	277,649	171
Information Systems	343,142	343,142	316,828	26,314
Elections	51,465	51,465	35,154	16,311
County Clerk	277,820	277,820	276,657	1,163
Equalization	210,944	210,944	200,606	10,338
Prosecuting Attorney	472,564	477,564	476,583	981
Support Coordinator	93,131	95,631	95,071	560
Crime Victim Advocate	70,972	72,472	72,122	350
Remonumentation	163,712	163,712	163,712	-
Register of Deeds	275,310	305,310	301,113	4,197
Treasurer	298,165	300,166	299,593	573
Cooperative Extension	103,316	107,316	105,083	2,233
Buildings and Grounds	323,417	351,905	343,896	8,009
Health Set Aside	515,067	515,067	515,067	-
Drain Commission	15,385	15,385	14,944	441
Soil Conservation District	26,000	26,000	26,000	-
Surveyor	32,467	32,967	32,619	348
<b>Total General Government</b>	<b>3,550,697</b>	<b>3,624,686</b>	<b>3,552,697</b>	<b>71,989</b>

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
<b>Public Safety:</b>				
Sheriff	1,210,730	1,210,730	1,141,390	69,340
Concealed Weapons Board	16,574	17,574	16,654	920
S.A.N.E	88,391	38,391	36,411	1,980
Marine	20,000	20,000	9,828	10,172
Correctional Facility	2,364,177	2,369,177	2,339,832	29,345
Regional Planning Commission	48,200	48,200	-	48,200
Trident Task Force	83,000	83,000	64,240	18,760
Snowmobile Patrol Grant	29,412	29,412	23,195	6,217
O.R.V. Grant	15,000	18,000	17,903	97
Animal Control	173,471	177,471	173,790	3,681
<b>Total Public Safety</b>	<b>4,048,955</b>	<b>4,011,955</b>	<b>3,823,243</b>	<b>188,712</b>
<b>Health and Welfare:</b>				
Substance Abuse	115,000	117,000	233,955	(116,955)
Medical Examiner	62,500	82,500	79,710	2,790
Health Department Tax	-	2,000	-	2,000
Veterans Affairs	74,186	74,186	59,405	14,781
<b>Total Health and Welfare</b>	<b>251,686</b>	<b>275,686</b>	<b>373,070</b>	<b>(97,384)</b>
<b>Other Expenditures:</b>				
Retirees Hospitalization	486,000	486,000	402,175	83,825
Insurance	210,000	210,000	189,037	20,963
Legal Services	5,000	20,000	14,769	5,231
Audit	28,000	28,000	28,000	-
Telephone	6,500	6,500	6,482	18
Postage Meter	3,000	3,000	2,750	250
Record Copier	8,000	8,000	7,556	444
Cost Allocation Plan	4,000	4,000	3,250	750
Appropriations	201,334	201,334	249,534	(48,200)
<b>Total Other Expenditures</b>	<b>951,834</b>	<b>966,834</b>	<b>903,553</b>	<b>63,281</b>
<b>Capital Outlay:</b>				
Computer and Building	41,630	46,630	45,841	789
Vehicle	54,920	63,300	56,947	6,353
<b>Total Capital Outlay</b>	<b>96,550</b>	<b>109,930</b>	<b>102,788</b>	<b>7,142</b>
<b>TOTAL EXPENDITURES</b>	<b>11,594,501</b>	<b>11,759,970</b>	<b>11,410,246</b>	<b>349,724</b>

**Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
EXCESS OF REVENUES OVER EXPENDITURES	216,128	84,027	318,781	234,754
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	882,820	885,820	864,421	(21,399)
Operating Transfers Out	(822,276)	(882,775)	(705,851)	176,924
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 276,672</u>	<u>\$ 87,072</u>	477,351	<u>\$ 390,279</u>
FUND BALANCE, JANUARY 1			<u>3,866,421</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 4,343,772</u>	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Health Department  
For the Year Ended September 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ -	\$ 733,198	\$ 733,198	\$ -
State Sources	1,336,181	596,019	321,499	(274,520)
Local Sources	198,345	365,859	233,609	(132,250)
Charges for Services	4,591,894	4,732,343	4,710,246	(22,097)
Interest and Rentals	-	-	187	187
Other Revenue	384,632	232,805	182,014	(50,791)
<b>TOTAL REVENUES</b>	<b>6,511,052</b>	<b>6,660,224</b>	<b>6,180,753</b>	<b>(479,471)</b>
EXPENDITURES:				
Health and Welfare	6,511,052	6,660,224	6,663,607	(3,383)
<b>TOTAL EXPENDITURES</b>	<b>6,511,052</b>	<b>6,660,224</b>	<b>6,663,607</b>	<b>(3,383)</b>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	(482,854)	(482,854)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	-	-	151,832	151,832
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	(331,022)	<u>\$ (331,022)</u>
FUND BALANCE, OCTOBER 1			<u>2,327,753</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 1,996,731</u>	



**County of Chippewa, Michigan**

**Required Supplementary Information  
Budgetary Comparison Schedule  
Chippewa County Recycling  
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 544,171	\$ 544,171	\$ 550,768	\$ 6,597
TOTAL REVENUES	544,171	544,171	550,768	6,597
EXPENDITURES:				
Public Works	689,871	689,871	551,200	138,671
TOTAL EXPENDITURES	689,871	689,871	551,200	138,671
EXCESS OF REVENUES OVER EXPENDITURES	\$ (145,700)	\$ (145,700)	(432)	\$ 145,268
FUND BALANCE, JANUARY 1			269,464	
FUND BALANCE, DECEMBER 31			\$ 269,032	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Ambulance  
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 465,848	\$ 465,848	\$ 465,070	\$ (778)
TOTAL REVENUES	465,848	465,848	465,070	(778)
EXPENDITURES:				
Health and Welfare	302,801	302,801	302,369	432
TOTAL EXPENDITURES	302,801	302,801	302,369	432
EXCESS OF REVENUES OVER EXPENDITURES	163,047	163,047	162,701	(346)
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(163,047)	(163,047)	(162,814)	233
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	(113)	<u>\$ (113)</u>
FUND BALANCE, JANUARY 1			723	
FUND BALANCE, DECEMBER 31			<u>\$ 610</u>	

**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Senior Nutrition Program**  
**For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 544,197	\$ 544,197	\$ 537,910	\$ (6,287)
TOTAL REVENUES	544,197	544,197	537,910	(6,287)
EXPENDITURES:				
Health and Welfare	544,197	544,197	538,071	6,126
TOTAL EXPENDITURES	544,197	544,197	538,071	6,126
EXCESS OF REVENUES OVER EXPENDITURES	\$ -	\$ -	(161)	\$ (161)
FUND BALANCE, JANUARY 1			161	
FUND BALANCE, DECEMBER 31			\$ -	

**Required Supplementary Information  
Budgetary Comparison Schedule  
Correctional Facility Maintenance  
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 653,821	\$ 653,821	\$ 653,876	\$ 55
Interest and Rentals	3,000	3,000	4,204	1,204
Inventory	3,000	3,000	-	(3,000)
TOTAL REVENUES	<u>659,821</u>	<u>659,821</u>	<u>658,080</u>	<u>(1,741)</u>
EXPENDITURES:				
Public Safety	<u>50,960</u>	<u>50,960</u>	<u>37,069</u>	<u>13,891</u>
TOTAL EXPENDITURES	<u>50,960</u>	<u>50,960</u>	<u>37,069</u>	<u>13,891</u>
EXCESS OF REVENUES OVER EXPENDITURES	608,861	608,861	621,011	12,150
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	<u>(601,800)</u>	<u>(601,800)</u>	<u>(601,800)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 7,061</u>	<u>\$ 7,061</u>	19,211	<u>\$ 12,150</u>
FUND BALANCE, JANUARY 1			<u>636,680</u>	
FUND BALANCE, DECEMBER 31			<u>\$ 655,891</u>	

## **Other Information**

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**County of Chippewa, Michigan**

**Combining Balance Sheet  
General Funds  
December 31, 2014**

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Building Maintenance	Health Set Aside	Totals
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 3,166,490	\$ 12,389	\$ 11,945	\$ 3,924	\$ 1,157	\$ 299,410	\$ -	\$ 3,495,315
Receivables:								
Accounts	3,918	-	-	-	-	-	-	3,918
Taxes	661,479	-	-	-	-	-	-	661,479
Due from Other Funds	254,133	-	-	-	-	-	-	254,133
Due from Governmental Units	337,484	-	-	-	-	-	-	337,484
Prepaid Items	93,757	-	-	-	-	-	-	93,757
<b>TOTAL ASSETS</b>	<b>\$ 4,517,261</b>	<b>\$ 12,389</b>	<b>\$ 11,945</b>	<b>\$ 3,924</b>	<b>\$ 1,157</b>	<b>\$ 299,410</b>	<b>\$ -</b>	<b>\$ 4,846,086</b>
<b>LIABILITIES:</b>								
Accounts Payable	\$ 205,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 205,407
Due to Governmental Units	-	10,037	-	-	-	-	-	10,037
Accrued Liabilities	209,718	20	-	3,924	-	-	-	213,662
Unearned Revenue	73,208	-	-	-	-	-	-	73,208
<b>TOTAL LIABILITIES</b>	<b>488,333</b>	<b>10,057</b>	<b>-</b>	<b>3,924</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>502,314</b>
<b>FUND BALANCES:</b>								
Nonspendable	93,757	-	-	-	-	-	-	93,757
Committed	418,288	-	-	-	-	-	-	418,288
Assigned	-	2,332	11,945	-	1,157	299,410	-	314,844
Unassigned	3,516,883	-	-	-	-	-	-	3,516,883
<b>TOTAL FUND BALANCES</b>	<b>4,028,928</b>	<b>2,332</b>	<b>11,945</b>	<b>-</b>	<b>1,157</b>	<b>299,410</b>	<b>-</b>	<b>4,343,772</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 4,517,261</b>	<b>\$ 12,389</b>	<b>\$ 11,945</b>	<b>\$ 3,924</b>	<b>\$ 1,157</b>	<b>\$ 299,410</b>	<b>\$ -</b>	<b>\$ 4,846,086</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Funds For the Year Ended December 31, 2014

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Image Software	Building Maintenance	Health Set Aside	Totals
<b>REVENUES:</b>									
Taxes	\$ 6,797,962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,797,962
Licenses and Permits	33,710	-	-	-	-	-	-	-	33,710
Federal Sources	424,421	-	-	-	-	-	-	-	424,421
State Sources	2,128,877	-	-	-	-	-	-	-	2,128,877
Local Sources	213,931	-	1,500	2,500	-	-	-	-	217,931
Charges for Services	1,532,941	-	-	-	120	-	-	-	1,533,061
Interest and Rentals	55,267	1,462	-	-	-	-	-	-	56,729
Fines and Forfeitures	90,777	-	-	-	-	-	-	-	90,777
Other Revenue	145,279	870	-	-	-	-	299,410	-	445,559
<b>TOTAL REVENUES</b>	<b>11,423,165</b>	<b>2,332</b>	<b>1,500</b>	<b>2,500</b>	<b>120</b>	<b>-</b>	<b>299,410</b>	<b>-</b>	<b>11,729,027</b>
<b>EXPENDITURES:</b>									
Legislative	102,659	-	-	-	-	-	-	-	102,659
Judicial	2,552,236	-	-	-	-	-	-	-	2,552,236
General Government	3,037,630	-	-	-	-	-	-	515,067	3,552,697
Public Safety	3,758,438	-	565	52,240	-	-	-	-	3,811,243
Health and Welfare	373,070	-	-	-	-	-	-	-	373,070
Capital Outlay	102,788	-	-	12,000	-	-	-	-	114,788
Other Expenditures	903,553	-	-	-	-	-	-	-	903,553
<b>TOTAL EXPENDITURES</b>	<b>10,830,374</b>	<b>-</b>	<b>565</b>	<b>64,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>515,067</b>	<b>11,410,246</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>592,791</b>	<b>2,332</b>	<b>935</b>	<b>(61,740)</b>	<b>120</b>	<b>-</b>	<b>299,410</b>	<b>(515,067)</b>	<b>318,781</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Operating Transfers In	287,614	-	-	61,740	-	-	-	515,067	864,421
Operating Transfers Out	(703,829)	(2,022)	-	-	-	-	-	-	(705,851)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>176,576</b>	<b>310</b>	<b>935</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>299,410</b>	<b>-</b>	<b>477,351</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>3,852,352</b>	<b>2,022</b>	<b>11,010</b>	<b>-</b>	<b>1,037</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,866,421</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 4,028,928</b>	<b>\$ 2,332</b>	<b>\$ 11,945</b>	<b>\$ -</b>	<b>\$ 1,157</b>	<b>\$ -</b>	<b>\$ 299,410</b>	<b>\$ -</b>	<b>\$ 4,343,772</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds							
	50th Circuit Court	Construction Code	HUD Grant	Family Counseling	Operation Stonegarden	Animal Control Millage	Bench Warrant	FOC Child Support
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 9,703	\$ 3,053	\$ 10,207	\$ 180	\$ 44,177	\$ 66,507	\$ 7,096	\$ 73,260
Taxes Receivable	-	-	-	-	-	106,449	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 9,703</b>	<b>\$ 3,053</b>	<b>\$ 10,207</b>	<b>\$ 180</b>	<b>\$ 44,177</b>	<b>\$ 172,956</b>	<b>\$ 7,096</b>	<b>\$ 73,260</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	542	11	-	-	42,298	3,388	-	-
Accrued Liabilities	-	3,042	-	-	1,879	-	-	-
<b>TOTAL LIABILITIES</b>	<b>542</b>	<b>3,053</b>	<b>-</b>	<b>-</b>	<b>44,177</b>	<b>3,388</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	106,449	-	-
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	63,119	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	9,161	-	10,207	180	-	-	7,096	73,260
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>9,161</b>	<b>-</b>	<b>10,207</b>	<b>180</b>	<b>-</b>	<b>63,119</b>	<b>7,096</b>	<b>73,260</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 9,703</b>	<b>\$ 3,053</b>	<b>\$ 10,207</b>	<b>\$ 180</b>	<b>\$ 44,177</b>	<b>\$ 172,956</b>	<b>\$ 7,096</b>	<b>\$ 73,260</b>



# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds							
	Community Service	Superior Twp 2000 Improvements Maintenance	Office of Community Correction	Register of Deeds Automation	Drug Forfeiture	CCSD Salvage Vehicle	Secondary Road Patrol	Sheriff Law Enforcement Training
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 6,742	\$ 29,866	\$ 103,815	\$ 73,524	\$ 23,292	\$ 6,977	\$ -	\$ 5,199
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	23,565	-	-	-	41,423	-
Prepaid Items	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,742</b>	<b>\$ 29,866</b>	<b>\$ 127,380</b>	<b>\$ 73,524</b>	<b>\$ 23,292</b>	<b>\$ 6,977</b>	<b>\$ 41,423</b>	<b>\$ 5,199</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,039	\$ -
Accounts Payable	124	-	12,035	968	-	-	-	-
Accrued Liabilities	887	-	2,637	-	-	-	4,384	-
<b>TOTAL LIABILITIES</b>	<b>1,011</b>	<b>-</b>	<b>14,672</b>	<b>968</b>	<b>-</b>	<b>-</b>	<b>41,423</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	5,731	29,866	112,708	72,556	23,292	6,977	-	5,199
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>5,731</b>	<b>29,866</b>	<b>112,708</b>	<b>72,556</b>	<b>23,292</b>	<b>6,977</b>	<b>-</b>	<b>5,199</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,742</b>	<b>\$ 29,866</b>	<b>\$ 127,380</b>	<b>\$ 73,524</b>	<b>\$ 23,292</b>	<b>\$ 6,977</b>	<b>\$ 41,423</b>	<b>\$ 5,199</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds							
	Local Corrections Officer's Training	Sheriff Park Patrol	War Memorial Agreement	Road Patrol Overtime	Law Library	Animal Shelter Donations	Highway Safety	Chippewa County DHS Appropriation
	<b>ASSETS:</b>							
Cash and Investments - Unrestricted	\$ 19,856	\$ 11,792	\$ 9,383	\$ 65,225	\$ 3,483	\$ 46,416	\$ 3,399	\$ 1,158
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	3,548	-	-	-	-	-
Due from Governmental Units	-	-	-	3,400	-	-	539	-
Prepaid Items	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 19,856</b>	<b>\$ 11,792</b>	<b>\$ 12,931</b>	<b>\$ 68,625</b>	<b>\$ 3,483</b>	<b>\$ 46,416</b>	<b>\$ 3,938</b>	<b>\$ 1,158</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	-	-	-	379	-	3,938	-
Accrued Liabilities	-	-	1,052	602	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>1,052</b>	<b>602</b>	<b>379</b>	<b>-</b>	<b>3,938</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	19,856	11,792	11,879	68,023	3,104	46,416	-	1,158
Unassigned	-	-	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>19,856</b>	<b>11,792</b>	<b>11,879</b>	<b>68,023</b>	<b>3,104</b>	<b>46,416</b>	<b>-</b>	<b>1,158</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 19,856</b>	<b>\$ 11,792</b>	<b>\$ 12,931</b>	<b>\$ 68,625</b>	<b>\$ 3,483</b>	<b>\$ 46,416</b>	<b>\$ 3,938</b>	<b>\$ 1,158</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Special Revenue Funds					Debt Service Funds		
	DHS Child Care	Probate Child Care	Veteran's Trust	Emergency Telephone Service	Office of Emergency Service	2013 Refunding Debt	2011 Refunding Debt	2010 Bond Debt
<b>ASSETS:</b>								
Cash and Investments - Unrestricted	\$ 95,179	\$ 2,258	\$ 2,673	\$ -	\$ 114,485	\$ -	\$ -	\$ -
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	119,689	-	-	-	-
Due from Governmental Units	-	14,175	-	73,290	561	-	-	-
Prepaid Items	-	-	-	33,893	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 95,179</b>	<b>\$ 16,433</b>	<b>\$ 2,673</b>	<b>\$ 226,872</b>	<b>\$ 115,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES:</b>								
Due to Other Funds	\$ -	\$ -	\$ -	\$ 200,530	\$ -	\$ -	\$ -	\$ -
Accounts Payable	15,098	16,433	-	3,499	16,729	-	-	-
Accrued Liabilities	-	-	-	22,843	3,360	-	-	-
<b>TOTAL LIABILITIES</b>	<b>15,098</b>	<b>16,433</b>	<b>-</b>	<b>226,872</b>	<b>20,089</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
<b>FUND BALANCES:</b>								
Nonspendable	-	-	-	33,893	-	-	-	-
Restricted	-	-	-	-	94,957	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	80,081	-	2,673	-	-	-	-	-
Unassigned	-	-	-	(33,893)	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>80,081</b>	<b>-</b>	<b>2,673</b>	<b>-</b>	<b>94,957</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 95,179</b>	<b>\$ 16,433</b>	<b>\$ 2,673</b>	<b>\$ 226,872</b>	<b>\$ 115,046</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# County of Chippewa, Michigan

## Combining Balance Sheet Nonmajor Governmental Funds December 31, 2014

	Debt Service Funds					Capital Project Fund	Totals
	2010 City Water and Sewer	Superior Township 2000 Improvement Bond Reserve	Superior Township Improvements Debt	New Jail Debt	Avery Square Bond Retirement	Hakola-Ross Drainage	
<b>ASSETS:</b>							
Cash and Investments - Unrestricted	\$ -	\$ 34,600	\$ -	\$ -	\$ 80,387	\$ 7,503	\$ 961,395
Taxes Receivable	-	-	-	-	-	-	106,449
Accounts Receivable	-	-	-	-	-	-	123,237
Due from Governmental Units	-	-	-	-	-	-	156,953
Prepaid Items	-	-	-	-	-	-	33,893
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ 34,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,387</b>	<b>\$ 7,503</b>	<b>\$ 1,381,927</b>
<b>LIABILITIES:</b>							
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ 1,232	\$ -	\$ 238,801
Accounts Payable	-	-	-	-	-	-	115,442
Accrued Liabilities	-	-	-	-	-	-	40,686
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,232</b>	<b>-</b>	<b>394,929</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>							
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	106,449
<b>FUND BALANCES:</b>							
Nonspendable	-	-	-	-	-	-	33,893
Restricted	-	34,600	-	-	79,155	-	271,831
Committed	-	-	-	-	-	7,503	7,503
Assigned	-	-	-	-	-	-	601,215
Unassigned	-	-	-	-	-	-	(33,893)
<b>TOTAL FUND BALANCES</b>	<b>-</b>	<b>34,600</b>	<b>-</b>	<b>-</b>	<b>79,155</b>	<b>7,503</b>	<b>880,549</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ -</b>	<b>\$ 34,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 80,387</b>	<b>\$ 7,503</b>	<b>\$ 1,381,927</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds							
	50th Circuit Court	Construction Code	HUD Grant	Family Counseling	Operation Stonegarden	Animal Control Millage	Bench Warrant	FOC Child Support
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,686	\$ -	\$ -
Federal Sources	-	-	-	-	92,081	-	-	-
State Sources	-	-	-	-	-	-	-	10,560
Local Sources	-	-	180,136	-	-	-	-	1,040
Charges for Services	13,051	72,655	-	3,480	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>13,051</b>	<b>72,655</b>	<b>180,136</b>	<b>3,480</b>	<b>92,081</b>	<b>108,686</b>	<b>-</b>	<b>11,600</b>
<b>EXPENDITURES:</b>								
Judicial	8,525	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	58,728	-	-	-
Public Works	-	89,702	-	-	-	-	-	-
Health and Welfare	-	-	-	3,435	-	45,567	-	1,371
Community/Economic Development	-	-	180,136	-	-	-	-	-
Capital Outlay	-	-	-	-	33,353	-	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,525</b>	<b>89,702</b>	<b>180,136</b>	<b>3,435</b>	<b>92,081</b>	<b>45,567</b>	<b>-</b>	<b>1,371</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>4,526</b>	<b>(17,047)</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>63,119</b>	<b>-</b>	<b>10,229</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	17,047	-	-	-	-	-	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>4,526</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>-</b>	<b>63,119</b>	<b>-</b>	<b>10,229</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>4,635</b>	<b>-</b>	<b>10,207</b>	<b>135</b>	<b>-</b>	<b>-</b>	<b>7,096</b>	<b>63,031</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 9,161</b>	<b>\$ -</b>	<b>\$ 10,207</b>	<b>\$ 180</b>	<b>\$ -</b>	<b>\$ 63,119</b>	<b>\$ 7,096</b>	<b>\$ 73,260</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds							
	Superior Twp 2000 Community Service	Improvements Maintenance	Office of Community Correction	Register of Deeds Automation	Drug Forfeiture	CCSD Salvage Vehicle	Secondary Road Patrol	Sheriff Law Enforcement Training
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	-	-	-	-	-	61,298	3,834
Local Sources	37,766	25,310	-	-	-	-	-	-
Charges for Services	-	-	192,899	34,457	-	1,100	-	-
Interest and Rentals	-	111	-	-	-	-	-	-
Other Revenue	-	-	-	-	25,210	-	-	-
<b>TOTAL REVENUES</b>	<u>37,766</u>	<u>25,421</u>	<u>192,899</u>	<u>34,457</u>	<u>25,210</u>	<u>1,100</u>	<u>61,298</u>	<u>3,834</u>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	21,013	-	-	-	-
Public Safety	-	-	192,878	-	7,043	-	158,242	2,164
Public Works	34,035	11,343	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	13,016	8,871	1,366	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<u>34,035</u>	<u>11,343</u>	<u>192,878</u>	<u>34,029</u>	<u>15,914</u>	<u>1,366</u>	<u>158,242</u>	<u>2,164</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	3,731	14,078	21	428	9,296	(266)	(96,944)	1,670
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	-	-	-	-	96,944	-
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	3,731	14,078	21	428	9,296	(266)	-	1,670
<b>FUND BALANCES, JANUARY 1</b>	<u>2,000</u>	<u>15,788</u>	<u>112,687</u>	<u>72,128</u>	<u>13,996</u>	<u>7,243</u>	<u>-</u>	<u>3,529</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u>\$ 5,731</u>	<u>\$ 29,866</u>	<u>\$ 112,708</u>	<u>\$ 72,556</u>	<u>\$ 23,292</u>	<u>\$ 6,977</u>	<u>\$ -</u>	<u>\$ 5,199</u>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds							
	Local Corrections Officer's Training	Sheriff Park Patrol	War Memorial Agreement	Road Patrol Overtime	Law Library	Animal Shelter Donations	Highway Safety	
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	34,331	-	-	-	-
State Sources	175	716	-	-	-	-	12,612	-
Local Sources	-	-	-	-	-	30,000	-	-
Charges for Services	10,315	-	43,623	-	3,500	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	52,702	-	-
<b>TOTAL REVENUES</b>	<b>10,490</b>	<b>716</b>	<b>43,623</b>	<b>34,331</b>	<b>3,500</b>	<b>82,702</b>	<b>12,612</b>	<b>-</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	4,612	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	8,093	1,576	39,145	25,526	-	-	12,612	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	15,927	-	20,110
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	59,452	-	-
Debt Service	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>8,093</b>	<b>1,576</b>	<b>39,145</b>	<b>25,526</b>	<b>4,612</b>	<b>75,379</b>	<b>12,612</b>	<b>20,110</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,397</b>	<b>(860)</b>	<b>4,478</b>	<b>8,805</b>	<b>(1,112)</b>	<b>7,323</b>	<b>-</b>	<b>(20,110)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	-	-	-	-	-	-	-	20,110
Operating Transfers Out	-	-	-	-	-	-	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>2,397</b>	<b>(860)</b>	<b>4,478</b>	<b>8,805</b>	<b>(1,112)</b>	<b>7,323</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>17,459</b>	<b>12,652</b>	<b>7,401</b>	<b>59,218</b>	<b>4,216</b>	<b>39,093</b>	<b>-</b>	<b>1,158</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 19,856</b>	<b>\$ 11,792</b>	<b>\$ 11,879</b>	<b>\$ 68,023</b>	<b>\$ 3,104</b>	<b>\$ 46,416</b>	<b>\$ -</b>	<b>\$ 1,158</b>

# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Special Revenue Funds					Debt Service Funds		
	DHS Child Care	Probate Child Care	Veteran's Trust	Emergency Telephone System	Office of Emergency Services	2013 Refunding Debt	2011 Refunding Debt	2010 Bond Debt
<b>REVENUES:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	122,964	-	-	-
State Sources	-	-	7,640	183,172	-	-	-	-
Local Sources	-	7,500	-	212,061	-	539,962	617,050	-
Charges for Services	-	141,121	-	492,522	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	9,939	-	-	-
<b>TOTAL REVENUES</b>	<b>-</b>	<b>148,621</b>	<b>7,640</b>	<b>887,755</b>	<b>132,903</b>	<b>539,962</b>	<b>617,050</b>	<b>-</b>
<b>EXPENDITURES:</b>								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	-	822,056	274,085	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	64,551	362,992	5,674	-	-	-	-	-
Community/Economic Development	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	73,895	72,442	-	-	-
Debt Service	-	-	-	-	-	595,665	617,050	545,125
<b>TOTAL EXPENDITURES</b>	<b>64,551</b>	<b>362,992</b>	<b>5,674</b>	<b>895,951</b>	<b>346,527</b>	<b>595,665</b>	<b>617,050</b>	<b>545,125</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(64,551)</b>	<b>(214,371)</b>	<b>1,966</b>	<b>(8,196)</b>	<b>(213,624)</b>	<b>(55,703)</b>	<b>-</b>	<b>(545,125)</b>
<b>OTHER FINANCING SOURCES (USES):</b>								
Operating Transfers In	64,551	309,842	-	8,196	154,618	-	-	545,125
Operating Transfers Out	-	(95,471)	(855)	-	-	(7,145,150)	-	-
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>-</b>	<b>1,111</b>	<b>-</b>	<b>(59,006)</b>	<b>(7,200,853)</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>80,081</b>	<b>-</b>	<b>1,562</b>	<b>-</b>	<b>153,963</b>	<b>7,200,853</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 80,081</b>	<b>\$ -</b>	<b>\$ 2,673</b>	<b>\$ -</b>	<b>\$ 94,957</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# County of Chippewa, Michigan

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2014

	Debt Service Funds					Capital Project Fund	Totals
	2010 City Water and Sewer	Superior Twp 2000 Improvement Bond Reserve	Superior Township Improvements Debt	New Jail Debt	Avery Square Bond Retirement	Hakola-Ross Drainage	
<b>REVENUES:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 108,686
Federal Sources	-	-	-	-	-	-	249,376
State Sources	-	-	-	-	-	-	280,007
Local Sources	-	-	26,243	-	2,700	-	1,679,768
Charges for Services	-	-	-	-	-	-	1,008,723
Interest and Rentals	-	-	-	-	1,052	-	1,163
Other Revenue	-	-	-	-	-	-	87,851
<b>TOTAL REVENUES</b>	<b>-</b>	<b>-</b>	<b>26,243</b>	<b>-</b>	<b>3,752</b>	<b>-</b>	<b>3,415,574</b>
<b>EXPENDITURES:</b>							
Judicial	-	-	-	-	-	-	13,137
General Government	-	-	-	-	-	-	21,013
Public Safety	-	-	-	-	-	-	1,602,148
Public Works	-	-	-	-	-	-	135,080
Health and Welfare	-	-	-	-	-	-	519,627
Community/Economic Development	-	-	-	-	-	-	180,136
Capital Outlay	-	-	-	-	-	-	262,395
Debt Service	7,145,150	-	26,243	218,800	-	-	9,148,033
<b>TOTAL EXPENDITURES</b>	<b>7,145,150</b>	<b>-</b>	<b>26,243</b>	<b>218,800</b>	<b>-</b>	<b>-</b>	<b>11,881,569</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(7,145,150)</b>	<b>-</b>	<b>-</b>	<b>(218,800)</b>	<b>3,752</b>	<b>-</b>	<b>(8,465,995)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating Transfers In	7,145,150	-	-	218,800	-	-	8,580,383
Operating Transfers Out	-	-	-	-	(162,125)	-	(7,403,601)
<b>EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(158,373)</b>	<b>-</b>	<b>(7,289,213)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>-</b>	<b>34,600</b>	<b>-</b>	<b>-</b>	<b>237,528</b>	<b>7,503</b>	<b>8,169,762</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ -</b>	<b>\$ 34,600</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 79,155</b>	<b>\$ 7,503</b>	<b>\$ 880,549</b>

**Combining Statement of Net Position  
Major Tax Collection Enterprise Fund  
December 31, 2014**

	2013 Tax Revolving	2012 Tax Revolving	2011 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
<b>ASSETS:</b>						
Cash and Investments - Unrestricted	\$ 1,872,197	\$ 1,913,610	\$ 1,125,207	\$ 4,511,014	\$ 59,278	\$ 9,481,306
Taxes Receivable	1,473,114	320,136	2,419	-	-	1,795,669
Accrued Interest Receivable	147,311	106,556	-	12,653	-	266,520
<b>TOTAL ASSETS</b>	<u>\$ 3,492,622</u>	<u>\$ 2,340,302</u>	<u>\$ 1,127,626</u>	<u>\$ 4,523,667</u>	<u>\$ 59,278</u>	<u>\$ 11,543,495</u>
<b>LIABILITIES:</b>						
Accrued Liabilities	\$ -	\$ 1,614	\$ 4,865	\$ 6,424	\$ -	\$ 12,903
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>1,614</u>	<u>4,865</u>	<u>6,424</u>	<u>-</u>	<u>12,903</u>
<b>NET POSITION:</b>						
Unrestricted	<u>3,492,622</u>	<u>2,338,688</u>	<u>1,122,761</u>	<u>4,517,243</u>	<u>59,278</u>	<u>11,530,592</u>
<b>TOTAL NET POSITION</b>	<u>3,492,622</u>	<u>2,338,688</u>	<u>1,122,761</u>	<u>4,517,243</u>	<u>59,278</u>	<u>11,530,592</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 3,492,622</u>	<u>\$ 2,340,302</u>	<u>\$ 1,127,626</u>	<u>\$ 4,523,667</u>	<u>\$ 59,278</u>	<u>\$ 11,543,495</u>

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Major Tax Collection Enterprise Fund  
For the Year Ended December 31, 2014**

	2013 Tax Revolving	2012 Tax Revolving	2011 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
<b>OPERATING REVENUES:</b>						
Charges for Services	\$ 93,014	\$ 82,092	\$ 82,818	\$ 217,857	\$ -	\$ 475,781
Penalties and Interest Charges	249,261	157,217	9,760	15,242	-	431,480
<b>TOTAL OPERATING REVENUES</b>	<u>342,275</u>	<u>239,309</u>	<u>92,578</u>	<u>233,099</u>	<u>-</u>	<u>907,261</u>
<b>OPERATING EXPENSES:</b>						
Other Supplies and Expenses	-	-	2,147	-	2,726	4,873
<b>Total Operating Expenses</b>	<u>-</u>	<u>-</u>	<u>2,147</u>	<u>-</u>	<u>2,726</u>	<u>4,873</u>
<b>OPERATING INCOME (LOSS)</b>	<u>342,275</u>	<u>239,309</u>	<u>90,431</u>	<u>233,099</u>	<u>(2,726)</u>	<u>902,388</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest on Deposits	1,666	2,411	3,425	44,115	-	51,617
<b>Total Non-operating Revenues (Expenses)</b>	<u>1,666</u>	<u>2,411</u>	<u>3,425</u>	<u>44,115</u>	<u>-</u>	<u>51,617</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<u>343,941</u>	<u>241,720</u>	<u>93,856</u>	<u>277,214</u>	<u>(2,726)</u>	<u>954,005</u>
Operating Transfers In	3,663,749	-	-	-	-	3,663,749
Operating Transfers Out	(515,068)	(83,749)	(1,350,000)	(2,230,000)	-	(4,178,817)
<b>CHANGES IN NET POSITION</b>	<u>3,492,622</u>	<u>157,971</u>	<u>(1,256,144)</u>	<u>(1,952,786)</u>	<u>(2,726)</u>	<u>438,937</u>
<b>NET POSITION, JANUARY 1</b>	<u>-</u>	<u>2,180,717</u>	<u>2,378,905</u>	<u>6,470,029</u>	<u>62,004</u>	<u>11,091,655</u>
<b>NET POSITION, DECEMBER 31</b>	<u><u>\$ 3,492,622</u></u>	<u><u>\$ 2,338,688</u></u>	<u><u>\$ 1,122,761</u></u>	<u><u>\$ 4,517,243</u></u>	<u><u>\$ 59,278</u></u>	<u><u>\$ 11,530,592</u></u>

**Combining Statement of Net Position  
Nonmajor Enterprise Funds  
December 31, 2014**

	State Education Tax Parcel Fee	2009 Tax Foreclosure	2010 Tax Foreclosure	2011 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>ASSETS:</b>							
Cash and Investments - Unrestricted	\$ 10,386	\$ -	\$ 18,657	\$ 205,661	\$ 64,898	\$ -	\$ 299,602
<b>TOTAL ASSETS</b>	<u>\$ 10,386</u>	<u>\$ -</u>	<u>\$ 18,657</u>	<u>\$ 205,661</u>	<u>\$ 64,898</u>	<u>\$ -</u>	<u>\$ 299,602</u>
<b>NET POSITION :</b>							
Unrestricted	\$ 10,386	\$ -	\$ 18,657	\$ 205,661	\$ 64,898	\$ -	\$ 299,602
<b>TOTAL NET POSITION</b>	<u>\$ 10,386</u>	<u>\$ -</u>	<u>\$ 18,657</u>	<u>\$ 205,661</u>	<u>\$ 64,898</u>	<u>\$ -</u>	<u>\$ 299,602</u>

**Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Nonmajor Enterprise Funds  
For the Year Ended December 31, 2014**

	State Education Tax Parcel Fee	2009 Tax Foreclosure	2010 Tax Foreclosure	2011 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>OPERATING REVENUES:</b>							
Penalties and Interest Charges	\$ 4,038	\$ -	\$ 26,481	\$ 210,131	\$ 164,488	\$ -	\$ 405,138
<b>TOTAL OPERATING REVENUES</b>	<u>4,038</u>	<u>-</u>	<u>26,481</u>	<u>210,131</u>	<u>164,488</u>	<u>-</u>	<u>405,138</u>
<b>OPERATING EXPENSES:</b>							
Other Supplies and Expenses	515	100	9,426	4,470	155,056	-	169,567
<b>TOTAL OPERATING EXPENSES</b>	<u>515</u>	<u>100</u>	<u>9,426</u>	<u>4,470</u>	<u>155,056</u>	<u>-</u>	<u>169,567</u>
<b>OPERATING INCOME (LOSS)</b>	<u>3,523</u>	<u>(100)</u>	<u>17,055</u>	<u>205,661</u>	<u>9,432</u>	<u>-</u>	<u>235,571</u>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	3,523	(100)	17,055	205,661	9,432	-	235,571
Operating Transfers Out	-	(208,818)	-	-	(55,000)	-	(263,818)
<b>CHANGES IN NET POSITION</b>	3,523	(208,918)	17,055	205,661	(45,568)	-	(28,247)
NET POSITION, JANUARY 1	<u>6,863</u>	<u>208,918</u>	<u>1,602</u>	<u>-</u>	<u>110,466</u>	<u>-</u>	<u>327,849</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 10,386</u>	<u>\$ -</u>	<u>\$ 18,657</u>	<u>\$ 205,661</u>	<u>\$ 64,898</u>	<u>\$ -</u>	<u>\$ 299,602</u>

# County of Chippewa, Michigan

## Combining Statement of Cash Flows Nonmajor Enterprise Funds For the Year Ended December 31, 2014

	State Education Tax Parcel Fee	2009 Tax Foreclosure	2010 Tax Foreclosure	2011 Tax Foreclosure	Sheriff Commissary	Homestead Tax	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from Customers	\$ 4,038	\$ -	\$ 26,481	\$ 210,131	\$ 164,488	\$ -	\$ 405,138
Payments to Suppliers	(515)	-	(9,426)	(4,470)	(185,056)	-	(199,467)
Net Cash Provided (Used) by Operating Activities	<u>3,523</u>	<u>-</u>	<u>17,055</u>	<u>205,661</u>	<u>(20,568)</u>	<u>-</u>	<u>205,671</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Operating Transfers Out	-	(208,818)	-	-	(55,000)	-	(263,818)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>-</u>	<u>(208,818)</u>	<u>-</u>	<u>-</u>	<u>(55,000)</u>	<u>-</u>	<u>(263,818)</u>
Net Increase (Decrease) in Cash and Investments	3,523	(208,818)	17,055	205,661	(75,568)	-	(58,147)
Balances - Beginning of the Year	<u>6,863</u>	<u>208,818</u>	<u>1,602</u>	<u>-</u>	<u>140,466</u>	<u>-</u>	<u>357,749</u>
Balances - End of the Year	<u>\$ 10,386</u>	<u>\$ -</u>	<u>\$ 18,657</u>	<u>\$ 205,661</u>	<u>\$ 64,898</u>	<u>\$ -</u>	<u>\$ 299,602</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>							
Operating Income (Loss)	\$ 3,523	\$ (100)	\$ 17,055	\$ 205,661	\$ 9,432	\$ -	\$ 235,571
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:							
Change in Assets and Liabilities:							
(Increase)Decrease in Assets:							
Accounts Receivable	-	100	-	-	-	-	100
Due from Governmental Units	-	-	-	-	-	10,044	10,044
Increase(Decrease) in Liabilities:							
Due to Other Funds	-	-	-	-	(30,000)	(10,044)	(40,044)
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,523</u>	<u>\$ -</u>	<u>\$ 17,055</u>	<u>\$ 205,661</u>	<u>\$ (20,568)</u>	<u>\$ -</u>	<u>\$ 205,671</u>

**County of Chippewa, Michigan**

**Combining Statement of Net Position  
Internal Service Funds  
December 31, 2014**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
<b>ASSETS:</b>				
Cash and Investments - Unrestricted	\$ 1,181,134	\$ 391,970	\$ -	\$ 1,573,104
Inventory	-	-	9,813	9,813
<b>TOTAL ASSETS</b>	<u>\$ 1,181,134</u>	<u>\$ 391,970</u>	<u>\$ 9,813</u>	<u>\$ 1,582,917</u>
<b>LIABILITIES:</b>				
Due to Other Funds	\$ -	\$ -	\$ 9,207	\$ 9,207
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>-</u>	<u>9,207</u>	<u>9,207</u>
<b>NET POSITION:</b>				
Unrestricted	<u>1,181,134</u>	<u>391,970</u>	<u>606</u>	<u>1,573,710</u>
<b>TOTAL NET POSITION</b>	<u>1,181,134</u>	<u>391,970</u>	<u>606</u>	<u>1,573,710</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 1,181,134</u>	<u>\$ 391,970</u>	<u>\$ 9,813</u>	<u>\$ 1,582,917</u>

**County of Chippewa, Michigan****Combining Statement of Revenues, Expenses, and  
Changes in Net Position - Internal Service Funds  
For the Year Ended December 31, 2014**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
<b>OPERATING REVENUES:</b>				
Charges for Services	\$ 3,161,424	\$ 143,862	\$ 15,664	\$ 3,320,950
Total Operating Revenues	<u>3,161,424</u>	<u>143,862</u>	<u>15,664</u>	<u>3,320,950</u>
<b>OPERATING EXPENSES:</b>				
Premium Payments	3,241,619	74,264	-	3,315,883
Supplies	<u>-</u>	<u>-</u>	<u>15,399</u>	<u>15,399</u>
Total Operating Expenses	<u>3,241,619</u>	<u>74,264</u>	<u>15,399</u>	<u>3,331,282</u>
<b>OPERATING INCOME (LOSS)</b>	(80,195)	69,598	265	(10,332)
NET POSITION, JANUARY 1	<u>1,261,329</u>	<u>322,372</u>	<u>341</u>	<u>1,584,042</u>
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 1,181,134</u>	<u>\$ 391,970</u>	<u>\$ 606</u>	<u>\$ 1,573,710</u>



**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2014**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from Customers	\$ 3,161,424	\$ 143,862	\$ 15,664	\$ 3,320,950
Payments to Suppliers	(3,241,619)	(74,264)	(11,048)	(3,326,931)
Internal Activity - Receipts(Payments) with Other Funds	-	-	(4,616)	(4,616)
	(80,195)	69,598	-	(10,597)
Net Cash Provided (Used) by Operating Activities				
Net Increase (Decrease) in Cash and Investments	(80,195)	69,598	-	(10,597)
Balances - Beginning of the Year	1,261,329	322,372	-	1,583,701
Balances - End of the Year	\$ 1,181,134	\$ 391,970	\$ -	\$ 1,573,104
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (80,195)	\$ 69,598	\$ 265	\$ (10,332)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Change in Assets and Liabilities:				
(Increase) Decrease in Assets:				
Inventory	-	-	4,351	4,351
Increase (Decrease) in Liabilities:				
Due to Other Funds	-	-	(4,616)	(4,616)
Net Cash Provided (Used) by Operating Activities	\$ (80,195)	\$ 69,598	\$ -	\$ (10,597)

## **Reports on Compliance**

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**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**KINROSS OFFICE**

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

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, 2014, 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 4, 2015.

**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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency listed as 2014-001.

### **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 2014-001.

### **County of Chippewa, Michigan's Response to Findings**

The County of Chippewa, Michigan's response to the 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 the financial statements 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 4, 2015



**ANDERSON, TACKMAN & COMPANY, PLC**  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133**

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 Circular A-133 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, 2014. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County of 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, 2014.

## **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



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

May 4, 2015

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<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	14,394
Women, Infant and Children - Breastfeeding	10.557	IW100342	<u>8,897</u>
Subtotal			<u>220,165</u>
<i>Pass-through from the Michigan Department of Natural Resources:</i>			
Schools and Roads Grant	10.665	N/A	<u>327,181</u>
<i>Direct Award:</i>			
<i>Rural Housing Service:</i>			
Emergency Response Vehicle	10.766	N/A	<u>8,380</u>
Total U.S. Department of Agriculture			<u>555,726</u>
<b>U.S. DEPARTMENT OF COMMERCE:</b>			
<i>Pass-through from Great Lakes Commission:</i>			
Little Rapids Restoration Project	11.463	NA13NMF4630217	<u>292,169</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
<i>Pass-through from Diane Pepler Resource Center:</i>			
STOP Grant	16.588	STOP 11-17001-1	17,000
<i>Pass-through from Emmet County:</i>			
S.A.N.E.	16.579	70868-5-13-13	<u>8,147</u>
Total U.S. Department of Justice			<u>25,147</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
<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	3-26-0139-3414	<u>3,384,369</u>
<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)	<u>3,016</u>
<i>Pass-through Programs from the State of Michigan Department of Transportation (MDOT) - MDOT Administered:</i>			
Homestead Road	20.205	EBSL 1217(020)	265
Riverside Drive 9 Mile Road to 15 Mile Road	20.205	STP 1317(013)	24,059
Ploegstra Road from Tilson Road	20.205	STP 1317(019)	378,753
1½ Mile road from East Shore Drive	20.205	STP 1417 (009)	673,473
Bridge Paving, Guardrail and Traffic Control	20.205	STP 1417(013)	<u>192,020</u>
Subtotal			<u>1,268,570</u>
Section 5311 Operating Assistance	20.509	2007-0204 109905	84,697
Capital Grants - Section 5311 (80/20)	20.509	2012-0077 120335	5,600
Rural Transit Assistance Program	20.509	N/A	4,462
Capital Grants - Marine (90/10)	20.205	2012-0077 114944B	144,418
Job Access and Reverse Commute Program (JARC)	20.516	2007-0204 107394	<u>13,579</u>
Subtotal			<u>252,756</u>
<i>Pass-through from the State of Michigan Department of State Police, Emergency Management Division:</i>			
HMEP	20.503	N/A	<u>34,331</u>
Total U.S. Department of Transportation			<u>4,943,042</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY:</b>			
<i>Pass-through from State of Michigan Department of Environmental Quality:</i>			
Great Lakes Restoration Initiative	66.469	GL00E00123	<u>126,543</u>

See accompanying notes to schedule of expenditures of federal awards.

Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2014

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
<i>Pass-through from the State of Michigan Department of Natural Resources, Grants Management</i>			
2013 Marine Safety Program	97.012	N/A	9,200
<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	92,081
<i>Pass-through from the County of Houghton:</i>			
Emergency Management Performance Grant	97.042	EMW-2013-EP-00026-S01	25,600
Homeland Security Grant	97.067	N/A	97,364
Subtotal			122,964
Total U.S. Department of Homeland Security			224,245
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>			
<i>Pass-through from the State of Michigan Department of Human Services:</i>			
Friend of the Court/PA - Incentive	93.563	N/A	42,226
Friend of the Court - Cooperative Reimbursement	93.563	CSFOC13-17001	263,005
Prosecuting Attorney - Cooperative Reimbursement	93.563	CSPA13-17002	76,463
Subtotal			381,694
<i>Pass-through from Pathways:</i>			
Substance Abuse Treatment Prevention	93.959	00 B1MISAPT05	37,000
<i>Pass-through from the State of Michigan Department of Community Health:</i>			
Bioterrorism EPI	93.069	U90TP000528	2,470
Bioterrorism 7/1//14 to 9/30/14	93.069	U90TP000528	86,407
Bioterrorism 7/1//14 to 9/30/14	93.069	U90TP000528	29,073
Family Planning	93.217	GFPHPA05017341	28,601
Immunizations - IAP	93.268	H23 CCH522556	20,978
Immunizations - Fixed Fees	93.268	H23 CCH522556	4,250
Vaccine Provided	93.268	N/A	68,719
Family Planning/BCCCP	93.752	IU58DP003921	363
BCCCP Coordination	93.752	IU58DP003921	19,037
Medicaid Outreach	93.778	05 U05M15ADM	34,951
Medicaid Administration	93.778	05 U05M15ADM	14,000
Medicaid Administration	93.778	05 U05M15ADM	805
Family Planning/BCCCP	93.919	IU58DP003921	847
BCCCP Coordination	93.919	IU58DP003921	3,662
Maternal and Child Health Block Grant	93.994	B1MIMCHS	10,303
Other - MCH	93.994	B1MIMCHS	25,024
Subtotal			349,490
Total U.S. Department of Health & Human Services			768,184
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 6,935,056</b>

See accompanying notes to schedule of expenditures of federal awards.



**NOTE A - BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the County of Chippewa, Michigan and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**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	\$ 1,406,995
Federal Grants of Component Units	5,200,880
Federal Grants in Trust & Agency	<u>327,181</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	<u>\$ 6,935,056</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?	Yes
Noncompliance material to financial statements noted?	Yes

**Federal Awards**

Internal control over major programs:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	No
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 section 510(a) of Circular A-133?	No

**Identification of Major Programs**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.665	Schools and Roads
93.563	Child Support Enforcement
Dollar threshold used to distinguish between types A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Section II – Financial Statement Findings**

*Significant Deficiencies – Noncompliance with State Statutes*

**Excess Expenditures Over Appropriations**

*Finding 2014-001*

*Condition:* Our examination of procedures used by the County to adopt and maintain operating budgets for the County’s budgetary funds revealed the following instance of noncompliance with the provisions of Public Act 621 of 1978, Section 18(1), as amended, the Uniform Budgeting and Accounting Act.

The County’s 2014 General Appropriations Act (budget) provided for expenditures of the General Fund to be controlled to the activity level. During the fiscal year ended December 31, 2014, expenditures were incurred in excess of amounts appropriated in the amended budgets for the General Fund beginning on page 52 of the financial statements.

*Criteria:* The expenditures of funds in excess of appropriations are contrary to the provisions of Public Act 621 of 1978, as amended.

During the year ended December 31, 2014, the County incurred expenditures in certain budgetary funds, which were in excess of the amount appropriated as follows:

	<u>Total Appropriations</u>		<u>Amount of Expenditures</u>		<u>Budget Variance</u>
General Fund:					
Health and Welfare	\$ 275,686	\$	373,070	\$	(97,384)

*Effect:* The County has not complied with various State Statutes.

*Cause:* Failure to amend the budget for the General Fund.

*Recommendation:* We recommend that the County and personnel responsible for administering the activities of the various funds of the County, develop budgetary control procedures for the General Fund, which will assure that expenditures do not exceed amounts authorized in the General Appropriations Act, or amendments thereof.

*Management’s Response – Corrective Action Plan:* Management has agreed to correct the problem by monitoring the budgets more closely and performing budget amendments on a timely basis.

- *Contact Person(s) Responsible for Correction:*  
Jim German, County Administrator
- *Anticipated Completion Date:*  
Immediately

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

**NONE.**

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

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**NONE.**

## **Additional Information**

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**CHIPPEWA COUNTY, MICHIGAN**

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**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, 2014, 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 4, 2015

**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, 2014, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. \$7,040,000 City 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, (City 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		
		2014 estimate .....	38,321

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

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

Use	2014		2013	
	Amount	Percent of Total	Amount	Percent of Total
Agricultural	\$ 36,274,809	3.34%	\$ 35,265,026	3.23%
Commercial (R&P)	156,705,713	14.42%	168,907,379	15.49%
Industrial (R&P)	29,895,115	2.75%	30,478,250	2.80%
Residential	823,227,331	75.76%	817,423,704	74.97%
Utility	40,508,600	3.73%	38,269,600	3.51%
Total	<u>\$ 1,086,611,568</u>	<u>100.00%</u>	<u>\$ 1,090,343,959</u>	<u>100.00%</u>



**NOTE 2 – TABLES: (Continued)**

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

Class	2014		2013	
	Amount	Percent of Total	Amount	Percent of Total
Real Property	\$ 1,019,457,768	93.20%	\$ 1,020,730,009	93.62%
Personal Property	67,153,800	6.80%	69,613,950	6.38%
Total	<u>\$ 1,086,611,568</u>	<u>100.00%</u>	<u>\$ 1,090,343,959</u>	<u>100.00%</u>

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
2006	2007	2008	\$ 945,255,956	\$ 4,428,200	\$ 949,684,156	5.35%
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	Unavailable			

Per Capita Total taxable value for the fiscal year ending December 31, 2014 \$28,388.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

D. SEV by Use and Class:

Use	Fiscal Year Ended or Ending December 31							
	2011	%	2012	%	2013	%	2014	%
Agriculture	\$ 56,136,700	5%	\$ 54,664,500	5%	\$ 53,934,800	5%	\$ 54,079,500	4%
Commercial	183,237,057	13%	175,155,351	13%	177,378,650	13%	179,635,000	14%
Industrial	27,450,800	2%	29,629,500	2%	31,914,200	2%	31,649,600	2%
Residential	1,066,857,987	78%	1,035,487,270	78%	1,024,956,720	77%	1,024,233,920	77%
Utility	31,605,200	2%	32,227,900	2%	38,269,600	3%	40,508,600	3%
<b>Total</b>	<b>\$ 1,365,287,744</b>	<b>100%</b>	<b>\$ 1,327,164,521</b>	<b>100%</b>	<b>\$ 1,326,453,970</b>	<b>100%</b>	<b>\$ 1,330,106,620</b>	<b>100%</b>
<b>Class</b>								
Real Property	\$ 1,303,314,619	95%	\$ 1,263,591,921	95%	\$ 1,256,839,920	95%	\$ 1,262,952,732	95%
Personal Property	61,973,125	5%	63,572,600	5%	69,614,050	5%	67,153,888	5%
<b>Total</b>	<b>\$ 1,365,287,744</b>	<b>100%</b>	<b>\$ 1,327,164,521</b>	<b>100%</b>	<b>\$ 1,326,453,970</b>	<b>100%</b>	<b>\$ 1,330,106,620</b>	<b>100%</b>

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

Fiscal Year Ended/Ending	Revenue Sharing Payments
December 31, 2011	-
December 31, 2012	\$491,178
December 31, 2013	\$554,403
December 31, 2014	\$618,628

Source: County of Chippewa

G. Property Tax Rates:

Levy December 1	Fiscal Years Ended or Ending December 31	Allocated	Fire/	Road	Recycling	Jail	Senior	Total
			Ambulance (1)	Improvements (1)	(1)	(1)	Program (1)	
2008	2009	6.1327	0.4280	0.9890	0.4986	0.7086	-	8.7569
2009	2010	6.1327	0.4284	0.9890	0.4986	0.7086	0.5000	9.2573
2010	2011	6.1259	0.4275	0.9879	0.5000	0.7078	0.4994	9.2485
2011	2012	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	9.2726
2012	2013	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	9.2726
2013	2014	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	9.2726
2014	2015	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	9.2726

(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, 2014:

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
2009	2010	\$ 8,420,585	\$ 7,170,416	85.15%
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%

(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, 2014	
		Taxable Value (1)	Percent of of Total (2)
Cloverland Electric Co.	Utility	\$ 35,624,627	34%
State of Michigan	Properties	16,816,735	16%
American Transmission	Utility	16,812,676	16%
Wal-Mart Real Estate	Shopping Center	7,454,600	7%
DDR Michigan II LLC	Shopping Mall	7,119,861	7%
USA-In Trust for SSM Tribe	Properties	5,854,765	6%
Continental Teves, Inc.	Auto Testing Service	4,503,408	4%
Precision Edge	Manufacturing	4,304,500	4%
Pointe West I LP	Apartment Complex	3,475,100	3%
Hoover Precision Products	Manufacturing	3,317,996	3%
		<u>\$ 105,284,268</u>	<u>\$ 100%</u>

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

(2) Based on \$1,086,611,568 which is the County's Total Taxable Value for the fiscal year ending December 31, 2014. 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)	\$ 133,010,662
Debt Outstanding (2)	<u>(13,367,695)</u>
Legal Debt Margin	<u>\$ 119,642,967</u>

- (1) 10% of \$1,330,106,620 which is the County's Total SEV for its fiscal year ending December 31, 2014. 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, 2014:

<u>County Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated July 12, 2011 (LT)	\$ 3,330,000	\$ -	\$ 3,330,000
Dated April 1, 2010 (LT)	<u>1,575,000</u>	<u>-</u>	<u>1,575,000</u>
Subtotal	<u>4,905,000</u>	<u>-</u>	<u>4,905,000</u>
Water and Sewer Bonds:			
Dated December 13, 2013	6,685,000	6,685,000	-
Dated June 26, 2000	<u>355,958</u>	<u>355,958</u>	<u>-</u>
Subtotal	<u>7,040,958</u>	<u>7,040,958</u>	<u>-</u>
General Obligation Bonds:			
Dated December 10, 2009	<u>790,000</u>	<u>-</u>	<u>790,000</u>
Installment Obligations	<u>631,737</u>	<u>-</u>	<u>631,737</u>
Total	<u>\$ 13,367,695</u>	<u>\$ 7,040,958</u>	<u>\$ 6,326,737</u>
Per Capita Net County Direct Debt			\$ 165.10
Percent of Net Direct Debt to Total SEV			.48%

**NOTE 2 - TABLES: (Continued)**

**L. Debt Schedule: (Continued)**

<u>Underlying Debt of County (5)</u>	<u>Total</u>
City	\$ 19,200,000
Townships	740,000
School Districts	24,556,396
ISD	<u>86,024</u>
 Total Underlying Debt	 <u>\$ 44,582,419</u>
 Per Capita Underlying Debt (3)	 \$ 1,163.39
Percent of Underlying Debt to Total SEV (4)	3.35%
 Total Direct and Underlying Debt	 <u>\$ 57,950,114</u>
 Per Capita Net Direct and Underlying Debt (3)	 \$ 1,512.23
Percent of Net Direct and Underlying Debt to Total SEV (4)	4.36%

- (1) The Bonds described herein.
- (2) Secured by the City of Sault Ste. Marie’s full faith and credit and limited taxing power.
- (3) Based on the County’s 2014 population estimate of 38,321.
- (4) Based on \$1,330,106,620 which is the County’s Total SEV for its fiscal year ending December 31, 2014. 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, 2014, the accumulated unpaid compensated absences amount to \$623,550.

**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
2004	\$ 19,907,076	\$ 22,727,407	88%
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%

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
Annual required contribution	\$ 1,561,771	\$ 1,082,811	\$ 55,163
Interest on net OPEB obligation	58,393	139,114	1,606
Annual OPEB cost (expense)	1,620,164	1,221,925	56,769
Contributions made	(917,243)	(946,782)	(40,157)
Increase (decrease) in net OPEB obligation	702,921	275,143	16,612
Net OPEB obligation – beginning of year	1,459,835	2,646,260	40,157
Net OPEB obligation – end of year	<u>\$ 2,162,756</u>	<u>\$ 2,921,403</u>	<u>\$ 56,769</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, 2014
Police Officers Labor Council	16	Tentative December 31, 2017
Non-Union Employees	80	Not applicable
Fraternal Order of Police Labor Council:		
Senior Dispatchers	2	December 31, 2014
Dispatchers	6	December 31, 2017
Road Patrol	<u>12</u>	December 31, 2017
Total Permanent County Employees	<u>148</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>
Lake Superior State University	Education	961
Michigan Department of Corrections	Correctional Institution	906
War Memorial Hospital	Hospital	848
Sault Ste. Marie Tribe of Chippewa Indians	Tribal Enterprises and Governmental Operations	644
Kewadin Casinos	Casino and Hotel Operations	534
Bay Mills Community	Enterprises	481
Wal-Mart	General Retail	400
Sault Area Public Schools	Education	286
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 2014:

<u>County of Chippewa</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Employed	14,807	14,982	14,565	14,366	14,945
Unemployed	<u>2,209</u>	<u>1,908</u>	<u>1,717</u>	<u>1,911</u>	<u>2,007</u>
Labor Force	<u>17,016</u>	<u>16,890</u>	<u>16,282</u>	<u>16,277</u>	<u>16,952</u>
Unemployed as % Of Labor Force (1)	13.0%	11.3%	10.5%	11.7%	11.8%

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

Source: Michigan Unemployment Agency



**ANDERSON, TACKMAN & COMPANY, PLC**  
CERTIFIED PUBLIC ACCOUNTANTS

**KINROSS OFFICE**

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**MEMBER MACPA**

**OFFICES IN  
MICHIGAN & WISCONSIN**

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chippewa, Michigan for the year ended December 31, 2014, and have issued our report thereon dated May 4, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards and OMB Circular A-133**

As stated in our engagement letter dated August 8, 2013, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the County of Chippewa, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We will also consider internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the County of Chippewa, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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. Also, in accordance with OMB Circular A-133, we will examine, on a test basis, evidence about the County of Chippewa, Michigan's compliance with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" applicable to each of its major federal programs for the purpose of expressing an opinion on the County of Chippewa, Michigan's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it will not provide a legal determination on the County of Chippewa, Michigan's compliance with those requirements.

Generally accepted accounting principles provide for certain required supplementary information (RSI) to supplement the basic financial statements. Our responsibility with respect to the management's discussion and analysis and budgetary comparison schedules, which supplement(s) the basic financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI will not be audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we will not express an opinion or provide any assurance on the RSI.

We have been engaged to report on combining fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. Our responsibility for this other information, as described by professional standards, is to evaluate the presentation of the other information in relation to the financial statements as a whole and to report on whether the other information is fairly stated, in all material respects, in relation to the financial statements as a whole.

We have not been engaged to report on the Securities Exchange Commission (SEC) section, which accompany the financial statements but are not RSI. Our responsibility with respect to this other information in documents containing the audited financial statements and auditor's report does not extend beyond the financial information identified in the report. We have no responsibility for determining whether this other information is properly stated. This other information will not be audited and we will not express an opinion or provide any assurance on it.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters dated November 11, 2014.

### **Significant Audit Findings**

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the County of Chippewa, Michigan are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions that have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the depreciation expense is based on estimated lives. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the vested employee benefits is based on current hourly rates and policies regarding payment of sick and vacation banks.

- The allowance for doubtful accounts is based on management's estimates of accounts which will not be collected in subsequent periods, historical write-off experience, and payment analysis.
- Management's estimate of the Annual Required Contribution for OPEB Obligations and pension benefits were based on various assumptions regarding life expectancies, inflation, premium increases, and investment rates.

The financial statement disclosures are neutral, consistent and clear.

#### ***Difficulties Encountered in Performing the Audit***

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

#### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### ***Disagreement with Management***

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

#### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated May 4, 2015.

#### ***Management Consultations with Other Independent Accountants***

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

#### ***Other Audit Findings or Issues***

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

### ***Comments and Recommendations***

#### **Self Insurance Fund (Prior Comment)**

Management should develop an agreement with the participating departments and units of government addressing refunds, premium calculations and required reserves. The policy should also state terms regarding termination of participation by one its member as to retention of reserves.

Status: No change.

#### **Credit Cards (Prior Comment)**

During our review of credit card practices, we noted that a permanent listing of cards and authorized users is not maintained.

Status: Corrected.

#### **Trust and Agency**

During our testing of the trust and agency fund, it was noted that several accounts contain stale balances. We recommend the accounts be remitted to proper agencies or adjusted as necessary.

#### **Pension Reporting**

In June 2012, the Governmental Accounting Standards Board (GASB) approved a pair of related Statements that implement substantial changes to the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 68, *Accounting and Financial Reporting for Pensions*, establishes new accounting and financial reporting requirements. These requirements include a provision for reporting net pension liabilities on the accrual based statement of net position and measuring investments at fair value as well as additional footnote and required supplementary information disclosures.

The Board and Management should review the procedures for implementation of these new standards effective for fiscal years beginning June 14, 2014 and assess the impact on the local unit of government's financial reporting.

#### **Uniform Administrative Requirements**

During December 2013, the Office of Management and Budget released its final version of the "*Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*." The guidance is applicable to federal grants and cooperative agreements and provides a comprehensive consolidation and revision of OMB Circulars which currently govern Federal and some non-Federal entities. The guidance combines A-110 and A-102 into a single set of administrative rules, combines A-21, A-87 and A-122 into a single set of consolidated cost principles and revises the language of A-133. This publication is designed to provide a single document which will serve as a "one-stop shop" for financial assistance regulatory requirements for all awarding agencies. The new requirements will be effective and applicable for audits of years beginning on or after December 26, 2014.

### **Revisions Related to Single Audit Requirements**

The Office of Management and Budget set forth new consolidated audit standards for entities receiving Federal financial assistance awards and replaces OMB Circular A-133. The changes within the final guidance primarily combine the guidance in OMB A-133 and A-50 on audit follow-up. The guidance reflects a movement to focus these audits and oversight efforts on higher dollar, higher risk awards and focus oversight on improper payments, waste, fraud, and abuse.

Most significantly, the threshold triggering a single audit or program-specific audit requirements is increased to \$750,000 or more in annual Federal awards. These requirements apply equally to recipients and sub-recipients under Federal programs. The final guidelines incorporate an exception to these audit requirements for non-U.S.-based entities expending Federal awards.

Further, the final guidance increases the minimum threshold for reporting questioned costs from \$10,000 to \$25,000 to focus on the audit findings presenting the greatest risk. OMB believes this will eliminate smaller-dollar audit findings, which require utilization of resources for follow-up audits that are unlikely to indicate significant weaknesses in internal controls.

These changes necessitate a careful review and analysis of an organization's current business practices. Although OMB has raised certain thresholds for audit and materiality, it has also improved mechanisms of oversight related to mandatory disclosures, pre-award review of risks, standards for financial and program management, sub-recipient monitoring, and remedies for noncompliance. The revisions are effective for audits of years beginning on or after December 26, 2014.

### **Fair Value of Investments**

The Governmental Accounting Standards Board has issued final guidance on accounting and financial reporting issues related to fair value measurements, which primarily apply to investments made by state and local governments. GASB Statement No. 72 – *Fair Value Measurement and Application* defines fair value and describes how fair value should be determined and recorded, what assets and liabilities should be measured by fair value and presented in the government's statement of net position or balance sheet and required disclosures of fair value in the footnotes to the financial statements. Management should be aware of the requirements and valuation techniques as applicable to the governmental entity. The statement is effective for periods beginning after June 15, 2015.

### **Other Matters**

We applied certain limited procedures to the management's discussion and analysis and budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and our knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this other information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the other information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

**Conclusion**

We would like to express our appreciation, as well as that of our staff, for the excellent cooperation we received while performing the audit. If we can be of assistance in implementing the above recommendations, please contact us.

This information is intended solely for the use of the Board of Commissioners, federal awarding agencies, pass-through entities, and management and is not intended to be, and should not be, used by anyone other than these specified parties.



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

May 4, 2015