County of Chippewa, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2025

CHIPPEWA COUNTY, MICHIGAN

ORGANIZATION

COUNTY BOARD OF COMMISSIONERS

CHAIRMAN	JIM MARTIN
COMMISSIONER	JUSTIN KNEPPER
COMMISSIONER	DAMON LIEURANCE
COMMISSIONER	JAMES TRAYNOR
COMMISSIONER	SCOTT SHACKLETON

APPOINTED/ELECTED OFFICERS

COUNTY ADMINISTRATOR	KELLY CHURCH
COUNTY TREASURER	JENNI PACE
COUNTY CLERK	STEVE WOODGATE
COUNTY REGISTER OF DEEDS	GIGI FERRO
COUNTY SHERIFF	MICHAEL BITNAR
COUNTY DRAIN COMMISSIONER	ANTHONY STACKPOOLE
COUNTY PROSECUTOR	ROBERT STRATTON III

JUDICIARY

CIRCUIT/JUVENILE COURT	HON. JAMES LAMBROS
PROBATE COURT/DISTRICT COURT	HON. ERIC BLUBAUGH

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE
KENNETH A. TALSMA, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

TORI N. KRUISE, CPA

MEMBER AICPA
MEMBER MICPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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 Chippewa County, Michigan, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County of Chippewa, Michigan's basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principals generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chippewa County, Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chippewa County, Michigan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures on the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Chippewa County, Michigan's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Chippewa County, Michigan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those in charge with governance regarding, among other matters, the planned scope, and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and budgetary comparison information on pages 4 through 9, pages 72 through 74, and pages 75 through 80 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, 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.

Members of the Board
County of Chippewa, Michigan

Supplementary 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 accompanying combining major and nonmajor fund financial statements, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we concluded that an uncorrected misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2026, 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 solely 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 effectiveness of Chippewa County's 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 & Co. PLC

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

June 8, 2026

Management's Discussion and Analysis

As management of Chippewa County, Michigan, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Chippewa County for the year ended December 31, 2025.

Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by $22,193,555. Of this amount, $4,862,265 is restricted.

- The County's governmental activities net position increased by $2,519,842 and an increase of $285,576 in net position of the business-type activities with an overall increase of $2,805,418 in net position of the primary government.

- During the year, the County had expenses for governmental activities that were $26,805,446 and expenses for business-type activities that were $534,107.

- The General Fund reported a net fund balance of $9,293,070, an increase of $508,650. At the end of the current fiscal year, unassigned fund balance for the General Fund was $9,085,729, or 56% of total General Fund expenditures (excluding operating transfers.)

Overview of the Financial Statements

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

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

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

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

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

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

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.

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.

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.

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.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to the discussion and analysis, required pension and OPEB funding progress information, and budgetary and actual presentation.

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 of the general, nonmajor governmental, enterprise, and internal service funds.

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 $22,193,555 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	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	$ 20,657,395	$ 18,730,408	$ 14,214,314	$ 13,916,635	$ 34,871,709	$ 32,647,043
Capital Assets	12,169,580	12,456,191	-	-	12,169,580	12,456,191
Total Assets	**32,826,975**	**31,186,599**	**14,214,314**	**13,916,635**	**47,041,289**	**45,103,234**
Deferred Outflows of Resources	**425,872**	**3,411,623**	**-**	**-**	**425,872**	**3,411,623**
Liabilities						
Current Liabilities	2,540,038	3,397,112	305,506	293,403	2,845,544	3,690,515
Noncurrent Liabilities	16,670,430	21,797,897	-	-	16,670,430	21,797,897
Total Liabilities	**19,210,468**	**25,195,009**	**305,506**	**293,403**	**19,515,974**	**25,488,412**
Deferred Inflows of Resources	**5,757,632**	**3,638,308**	**-**	**-**	**5,757,632**	**3,638,308**
Net Position						
Net Investment in Capital Assets	9,809,580	9,596,191	-	-	9,809,580	9,596,191
Restricted	4,862,265	2,665,521	-	-	4,862,265	2,665,521
Unrestricted	(6,387,098)	(6,496,807)	13,908,808	13,623,232	7,521,710	7,126,425
Total Net Position	**$ 8,284,747**	**$ 5,764,905**	**$ 13,908,808**	**$ 13,623,232**	**$ 22,193,555**	**$ 19,388,137**

The largest portion of the County's net position, $9,809,580 reflects its investments in capital assets (e.g., land and improvements, buildings and improvements, equipment and vehicles), less any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to the citizens; consequently, these assets are not available for future spending.

An additional portion of the County's net position, $4,862,265, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position $7,521,710 may be used to meet the government's ongoing obligations.

The current level of unrestricted net position for our governmental activities stands at ($6,387,098), or about (24%) of expenses. Net Position of the governmental activities had a net increase of $2,519,842.

Net position of the business–type activities increased by $285,576 during fiscal year 2025. This is primarily due to an increase in charges for services in the current year.

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues						
Charges for Services	$ 5,439,290	$ 5,045,804	$ 1,451,641	$ 1,077,515	$ 6,890,931	$ 6,123,319
Operating Grants and Contributions	9,394,929	7,482,237	-	-	9,394,929	7,482,237
General Revenues						
Property Taxes	11,976,363	12,011,794	-	-	11,976,363	12,011,794
State Revenue Sharing and Other	970,713	875,064	-	-	970,713	875,064
Interest Income	604,361	838,928	307,674	376,755	912,035	1,215,683
Total Revenues	**28,385,656**	**26,253,827**	**1,759,315**	**1,454,270**	**30,144,971**	**27,708,097**
Expenses						
Judicial	5,321,354	4,806,156	-	-	5,321,354	4,806,156
General Government	3,328,689	3,450,248	-	-	3,328,689	3,450,248
Public Safety	8,499,887	8,149,630	-	-	8,499,887	8,149,630
Public Works	937,524	584,500	-	-	937,524	584,500
Health and Welfare	6,958,848	4,036,413	-	-	6,958,848	4,036,413
Economic and Community Development	674,369	594,244	-	-	674,369	594,244
Interest Expense - Unallocated	131,071	147,634	-	-	131,071	147,634
Depreciation - Unallocated	953,704	786,980	-	-	953,704	786,980
Tax Collection	-	-	40,291	13,576	40,291	13,576
Other Nonmajor	-	-	493,816	280,798	493,816	280,798
Total Expenses	**26,805,446**	**22,555,805**	**534,107**	**294,374**	**27,339,553**	**22,850,179**
Excess (Deficiency) Before Transfers	1,580,210	3,698,022	1,225,208	1,159,896	2,805,418	4,857,918
Transfers	939,632	759,165	(939,632)	(759,165)	-	-
Changes in Net Position	**2,519,842**	**4,457,187**	**285,576**	**400,731**	**2,805,418**	**4,857,918**
Net Position - Beginning	5,764,905	1,307,718	13,623,232	13,222,501	19,388,137	14,530,219
Net Position - Ending	**$ 8,284,747**	**$ 5,764,905**	**$ 13,908,808**	**$ 13,623,232**	**$ 22,193,555**	**$ 19,388,137**

Governmental Activities - Operating grants and contributions increased by $1,912,692 when compared to the previous year. This is primarily due to a increase in grant funding relating to health and welfare activities.

Judicial expenses increased by $515,198, general government expenses decreased by $121,559, public safety expenses increased by $350,257, public works expenses increased by $353,024 and health and welfare expenses increased by $2,922,435. The significant increase in expenses for health and welfare is the result of fifteen months of expenditure. This was due to changing from the fiscal year end of September 30 to December 31.

Business-type Activities- The County's total business type revenues increased by $305,045, primarily due to a increase in charges for services in the 2022 tax foreclosure fund. Total business type program expenses increased by $239,733. This is primarily due to a increase in excess proceed expenditures in the 2021 tax foreclosure fund.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. 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 detailed 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 2025 include the General Fund, Health Department, Senior Nutrition, Ambulance, Chippewa County Recycling, and Tax Collections Funds.

The General Fund supports most of the County's governmental services. The costliest are the judicial, general government, public safety, and health and welfare functions. The general fund's fund balance increased by $508,650 from $8,784,420 in the prior year to $9,293,070 in the current year. Total revenues for the general fund increased by $1,290,196 compared to the prior year. The primary reason is due to an increase in state funding and charges for services in the current year. Total expenditures for the general fund decreased by $884,955 compared to the previous year. The primary cause of this is due to additional capital outlay expenditures relating to the construction of a sheriff storage building in the prior year.

The Health Department Fund ended the year with a fund balance of $294,518, which was a decrease of $54,463 from the prior year. This is primarily due to a decrease in services provided in the current year. The Senior Nutrition Fund ended the year with a fund balance of $245,025, which is an increase of $759 from the prior year. The increase is primarily due to an increase in millage in the current year. The Ambulance fund had an ending fund balance of $0. While the Chippewa County Recycling Fund ended the year with an ending fund balance of $433,710, a decrease of $114,184 from the prior year. This was due to a increase of expenditures in the current year for additional equipment needs.

The Delinquent Tax fund is supported by interest and fees from the collection of taxes.

General Fund Budgetary Highlights

Over the course of the year, the County board amended the budget to take into account events during the year. The differences between the original budget and the final amended budget for expenditures and transfers out in the General Fund are indicated in the report.

During the year, general fund revenues were $1,236,796 higher than budgetary estimates, while general fund expenditures were $1,097,692 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, 2025, amounted to $12,169,580 (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 $286,611.

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

- Purchases include vehicles of $264,983, various equipment of $247,075 and building improvements of $177,401 of this amount, $125,061 relates to the construction in progress.

Debt Administration

At the end of the current fiscal year, the County had a total debt outstanding of $17,200,430. Of this amount, $2,360,000 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt is comprised of $503,292 in vested employee benefits, and $14,337,138 in net pension liability.

The County reduced its bond debt by $500,000 in principal payments and issued no new debt.

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 difficult economic times 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. In 2026, the County plans again to use current revenues to provide essential services and to maintain the County's financial reserve at similar levels. The ongoing cost of providing essential services for the citizens of the County will again need to be monitored to maintain the financial position of the County.

Component Units

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

Requests for Information

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

Basic Financial Statements

Statement of Net Position
December 31, 2025

	Primary Government			
	Governmental Activities	Business-type Activities	Totals	Component Units
ASSETS:				
Cash and Investments - Unrestricted	$ 12,162,515	$ 12,414,256	$ 24,576,771	$ 7,977,151
Cash and Investments - Restricted	108,705	-	108,705	326,566
Receivables:				
Accounts	457,224	-	457,224	794,878
Taxes	3,416,134	1,557,158	4,973,292	1,104,653
Leases	-	-	-	2,274,293
Interest	9,050	242,900	251,950	-
Due from Governmental Units	1,338,833	-	1,338,833	3,011,380
Inventory	61,682	-	61,682	1,238,916
Prepaid Items	527,863	-	527,863	103,961
Net OPEB Asset	2,575,389	-	2,575,389	294,702
Capital Assets (nondepreciable)	356,871	-	356,871	80,705,909
Capital Assets (net of accumulated depreciation)	11,812,709	-	11,812,709	99,636,849
TOTAL ASSETS	32,826,975	14,214,314	47,041,289	197,469,258
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Items	357,330	-	357,330	1,232,147
OPEB Related Items	15,925	-	15,925	1,677,457
Deferred Charges on Refunding	52,617	-	52,617	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	425,872	-	425,872	2,909,604
LIABILITIES:				
Accounts Payable	790,056	-	790,056	1,289,105
Accrued Liabilities	307,368	-	307,368	622,338
Unearned Revenue	786,781	-	786,781	93,712
Advances	-	-	-	729,654
Accrued Interest Payable	33,400	-	33,400	-
Due to Governmental Units	92,433	305,506	397,939	284,599
Notes Payable - Due within one year	-	-	-	302,537
Bonds Payable - Due within one year	530,000	-	530,000	-
Vested Employee Benefits - Due within one year	230,451	-	230,451	322,664
Notes Payable - Due in more than one year	-	-	-	1,200,529
Bonds Payable - Due in more than one year	1,830,000	-	1,830,000	-
Vested Employee Benefits - Due in more than one year	272,841	-	272,841	700,924
OPEB Obligations - Due in more than one year	-	-	-	7,845,295
Net Pension Liability - Due in more than one year	14,337,138	-	14,337,138	18,111,506
TOTAL LIABILITIES	19,210,468	305,506	19,515,974	31,502,863
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Items	1,638,195	-	1,638,195	940,552
OPEB Related Items	1,407,186	-	1,407,186	524,124
Lease Items	-	-	-	2,054,787
Taxes Levied for a Subsequent Period	2,712,251	-	2,712,251	1,103,613
TOTAL DEFERRED INFLOWS OF RESOURCES	5,757,632	-	5,757,632	4,623,076
NET POSITION:				
Net Investment in Capital Assets	9,809,580	-	9,809,580	178,839,692
Restricted	4,862,021	-	4,862,021	1,849,473
Restricted for County Roads	-	-	-	(16,612,635)
Unrestricted	(6,386,854)	13,908,808	7,521,955	176,393
TOTAL NET POSITION	$ 8,284,747	$ 13,908,808	$ 22,193,556	$ 164,252,923

See accompanying notes to financial statements.

Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
			Operating	Capital	Primary Government			
		Charges for	Grants and	Grants and	Governmental	Business-type		Component
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	Totals	Units
Primary Government:								
Governmental Activities:								
Judicial	5,321,354	430,834	2,357,775	-	(2,532,745)	-	(2,532,745)	-
General Government	3,328,689	138,791	1,473,874	-	(1,716,024)	-	(1,716,024)	-
Public Safety	8,499,887	2,742,405	1,455,920	-	(4,301,562)	-	(4,301,562)	-
Public Works	937,524	-	46,917	-	(890,607)	-	(890,607)	-
Health and Welfare	6,958,848	1,779,140	3,997,601	-	(1,182,107)	-	(1,182,107)	-
Economic and Community Development	674,369	348,120	62,842	-	(263,407)	-	(263,407)	-
Interest Expense - Unallocated	131,071	-	-	-	(131,071)	-	(131,071)	-
Depreciation - Unallocated	953,704	-	-	-	(953,704)	-	(953,704)	-
Total Governmental Activities	26,805,446	5,439,290	9,394,929	-	(11,971,227)	-	(11,971,227)	-
Business-type activities:								
Tax Collection	40,291	604,269	-	-	-	563,978	563,978	-
Other Nonmajor	493,816	847,372	-	-	-	353,556	353,556	-
Total Business-type Activities	534,107	1,451,641	-	-	-	917,534	917,534	-
Total Primary Government	$ 27,339,553	$ 6,890,931	$ 9,394,929	$ -	(11,971,227)	917,534	(11,053,693)	-
Component Units:								
Road Commission	$ 15,692,410	$ 4,885,896	$ 9,525,694	$ 7,178,547				5,897,727
Economic Development Corporation	6,901,319	4,001,131	50,000	6,692,370				3,842,182
E.U.P. Transportation Authority	6,832,401	2,902,228	2,699,266	1,010,696				(220,211)
Total Component Units	29,426,130	11,789,255	12,274,960	14,881,613				9,519,698
Total	$ 56,765,683	$ 18,680,186	$ 21,669,889	$ 14,881,613				
General Revenues and Transfers:								
Taxes- Real Property					11,972,180	-	11,972,181	1,066,953
Taxes- Personal Property					4,183	-	4,183	-
State Revenue Sharing and Other					970,713	-	970,713	-
Interest Income					604,361	307,674	912,035	292,558
Transfers					939,632	(939,632)	-	-
Gain (Loss) on Disposals					-	-	-	43,289
Total General Revenues and Transfers					14,491,069	(631,958)	13,859,112	1,402,800
Changes in Net Position					2,519,842	285,576	2,805,419	10,922,498
Net Position - Beginning					5,764,905	13,623,232	19,388,137	153,330,425
Net Position - Ending					$ 8,284,747	$ 13,908,808	$ 22,193,556	$ 164,252,923

See accompanying notes to financial statements.

Balance Sheet
Governmental Funds
December 31, 2025

	General	Health Department 15 months ended	Senior Nutrition	Ambulance	Chippewa County Recycling	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments - Unrestricted	$ 7,356,265	$ 752,074	$ 245,025		$ 433,710	$ 3,280,536	$ 12,067,610
Cash and Investments - Restricted	-	108,705	-	-	-	-	108,705
Receivables:							
Accounts	16,397	144,004	-	-	-	203,008	363,409
Taxes	703,883	-	1,099,144	625,421	731,310	256,376	3,416,134
Interest	9,050	-	-	-	-	-	9,050
Inventory	-	58,525	-	-	-	-	58,525
Due from Other Funds	565,057	-	-	-	-	-	565,057
Due from Governmental Units	813,470	186,350	-	1,009	-	338,004	1,338,833
Prepaid Items	200,554	26,348	-	-	-	98,444	325,346
TOTAL ASSETS	$ 9,664,676	$ 1,276,006	$ 1,344,169	$ 626,430	$ 1,165,020	$ 4,176,368	$ 18,252,669
LIABILITIES:							
Due to Other Funds	$ 2,049	$ -	$ -	$ 1,009	$ -	$ 266,187	$ 269,245
Accounts Payable	140,532	573,061	-	-	-	76,463	790,056
Accrued Liabilities	229,025	39,731	-	-	-	38,612	307,368
Due to Governmental Units	-	69,432	-	-	-	23,001	92,433
Unearned Revenue	-	299,264	-	-	-	487,517	786,781
TOTAL LIABILITIES	371,606	981,488	-	1,009	-	891,780	2,245,883
DEFERRED INFLOWS OF RESOURCES:							
Taxes Levied for a Subsequent Period	-	-	1,099,144	625,421	731,310	256,376	2,712,251
FUND BALANCES:							
Nonspendable	200,554	84,873	-	-	-	98,444	383,871
Restricted	-	108,705	245,025	-	-	1,932,902	2,286,632
Committed	-	-	-	-	-	7,503	7,503
Assigned	6,787	100,940	-	-	433,710	989,363	1,530,800
Unassigned	9,085,729	-	-	-	-	-	9,085,729
TOTAL FUND BALANCES	9,293,071	294,518	245,025	-	433,710	3,028,212	13,294,535
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 9,664,676	$ 1,276,006	$ 1,344,169	$ 626,430	$ 1,165,020	$ 4,176,368	
Reconciliation to amounts reported for governmental activities in the statement of net position:							
Capital assets used by governmental activities							12,169,580
Deferred Charges on Refunding							52,617
Long-term notes and bonds payable for governmental activities							(2,360,000)
Long-term Vested Employee Benefits							(503,292)
Internal service funds included in governmental activities							98,582
Accrued interest expense recognized under full accrual accounting							(33,400)
Net pension & OPEB liabilities and related deferred outflows & inflows							(14,433,875)
Net position of governmental activities							$ 8,284,747

Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds For the Year Ended December 31, 2025

	General	Health Department 15 months ended	Senior Nutrition	Ambulance	Chippewa County Recycling	Nonmajor Governmental Funds	Totals Governmental Funds
REVENUES:							
Taxes	$ 9,464,177	$ -	$ 1,056,503	$ 605,636	$ 709,391	$ 140,656	$ 11,976,363
Licenses and Permits	31,153	-	-	-	-	-	31,153
Federal Sources	840,584	988,389	-	-	-	239,364	2,068,337
State Sources	2,384,573	1,260,564	9,581	1,783	6,425	1,480,174	5,143,100
Local Sources	72,500	836,430	-	-	-	861,393	1,770,323
Charges for Services	2,148,466	1,779,140	-	-	-	1,362,509	5,290,115
Interest and Rentals	582,859	650	-	-	-	20,852	604,361
Fines and Forfeitures	118,022	-	-	-	-	-	118,022
Other Revenue	964,515	43,918	-	-	-	375,449	1,383,882
TOTAL REVENUES	16,606,849	4,909,091	1,066,084	607,419	715,816	4,480,397	28,385,656
EXPENDITURES:							
Judicial	4,047,419	-	-	-	-	1,729,382	5,776,801
General Government	3,888,066	-	-	-	-	25,021	3,913,087
Public Safety	6,648,423	-	-	-	-	2,538,318	9,186,741
Public Works	67,080	-	-	-	830,000	35,459	932,539
Health and Welfare	615,218	4,786,153	1,065,325	394,821	-	97,473	6,958,990
Community and Economic Development	674,369	-	-	-	-	-	674,369
Capital Outlay	317,464	177,401	-	-	-	194,594	689,459
Debt Service	-	-	-	-	-	620,200	620,200
TOTAL EXPENDITURES	16,258,039	4,963,554	1,065,325	394,821	830,000	5,240,447	28,752,186
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	348,810	(54,463)	759	212,598	(114,184)	(760,050)	(366,530)
OTHER FINANCING SOURCES (USES):							
Transfers In	1,184,136	-	-	-	-	1,167,938	2,352,074
Transfers Out	(1,024,296)	-	-	(212,598)	-	(175,548)	(1,412,442)
TOTAL OTHER FINANCING SOURCES (USES)	159,840	-	-	(212,598)	-	992,390	939,632
NET CHANGE IN FUND BALANCES	508,650	(54,463)	759	-	(114,184)	232,340	573,102
FUND BALANCE BEGINNING OF YEAR (as Restated, See Note 12)	8,784,420	348,981	244,266	-	547,894	2,795,872	12,721,433
FUND BALANCE END OF YEAR	$ 9,293,010	$ 294,518	$ 245,025	$ -	$ 433,710	$ 3,028,212	$ 13,294,535

See accompanying notes to financial statements.

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, 2025

Net changes in fund balances - total governmental funds	$ 573,102
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 depreciation ($969,707) and loss on disposal ($18,870) exceeded capital outlay $701,966.	(286,611)
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.	482,462
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	6,667
Vested Employee Benefits	(48,331)
OPEB Obligations	257,935
Net Pension Liabilities	1,506,538
Internal Service Fund Activity	28,080
Changes in net position of governmental activities	$ 2,519,842

See accompanying notes to financial statements.

Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
ASSETS:				
Cash and Investments - Unrestricted	$ 10,790,902	$ 1,623,354	$ 12,414,256	$ 94,905
Taxes Receivable	1,557,158	-	1,557,158	-
Due from Governmental Units	-	-	-	93,815
Inventory	-	-	-	3,157
Prepaid Expense	-	-	-	202,517
Accrued Interest Receivable	242,900	-	242,900	-
TOTAL ASSETS	$ 12,590,960	$ 1,623,354	$ 14,214,314	$ 394,394
LIABILITIES:				
Due to Other Funds	$ -	$ -	$ -	$ 295,812
Due to Governmental Units	289,887	15,619	305,506	-
TOTAL LIABILITIES	289,887	15,619	305,506	295,812
NET POSITION:				
Unrestricted	12,301,073	1,607,735	13,908,808	98,582
TOTAL NET POSITION	$ 12,301,073	$ 1,607,735	$ 13,908,808	$ 98,582

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2025

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
OPERATING REVENUES:				
Charges for Services	$ 221,556	$ 844,019	$ 1,065,575	$ 3,492,846
Penalties and Interest Charges	382,713	3,353	386,066	-
Total Operating Revenues	604,269	847,372	1,451,641	3,492,846
OPERATING EXPENSES:				
Premium Payments	-	-	-	3,456,524
Other Supplies and Expenses	40,291	493,816	534,107	8,242
Total Operating Expenses	40,291	493,816	534,107	3,464,766
OPERATING INCOME (LOSS)	563,978	353,556	917,534	28,080
NON-OPERATING REVENUES (EXPENSES):				
Interest on Deposits	307,674	-	307,674	-
Total Non-Operating Revenues (Expenses)	307,674	-	307,674	-
INCOME (LOSS) BEFORE TRANSFERS	871,652	353,556	1,225,208	28,080
Operating Transfers In	5,007,698	-	5,007,698	-
Operating Transfers Out	(5,914,007)	(33,323)	(5,947,330)	-
CHANGES IN NET POSITION	(34,657)	320,233	285,576	28,080
NET POSITION, JANUARY 1	12,335,730	1,287,502	13,623,232	70,502
NET POSITION, DECEMBER 31	$ 12,301,073	$ 1,607,735	$ 13,908,808	$ 98,582

See accompanying notes to financial statements.

Statement of Cash Flows
Proprietary Fund Types
For the Year Ended December 31, 2025

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	$ 501,417	$ 847,372	$ 1,348,789	$ 3,426,355
Payments to Suppliers	(32,978)	(489,026)	(522,004)	(3,459,110)
Internal Activity - Receipts (Payments) with Other Funds	-	-	-	61,307
Net Cash Provided by Operating Activities	468,439	358,346	826,785	28,552
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers In (Out) - net	(906,309)	(33,323)	(939,632)	-
Net Cash Used by Noncapital Financing Activities	(906,309)	(33,323)	(939,632)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Deposits	307,674	-	307,674	-
Net Cash Provided by Investing Activities	307,674	-	307,674	-
Net Increase (Decrease) in Cash	(130,196)	325,023	194,827	28,552
Balances - Beginning of the Year	10,921,098	1,298,331	12,219,429	66,353
Balances - End of the Year	$ 10,790,902	$ 1,623,354	$ 12,414,256	$ 94,905
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income	$ 563,978	$ 353,556	$ 917,534	$ 28,080
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	(90,928)	-	(90,928)	-
Accrued Interest Receivable	(11,924)	-	(11,924)	-
Inventory	-	-	-	(388)
Due from Governmental Units	-	-	-	(66,491)
Prepaid Items	-	-	-	6,888
Increase (Decrease) in Liabilities:				
Accounts Payable	-	4,790	4,790	(844)
Due to Other Funds	-	-	-	61,307
Due to Governmental Units	7,313	-	7,313	-
Net Cash Provided by Operating Activities	$ 468,439	$ 358,346	$ 826,785	$ 28,552

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Custodial Funds	Other Employee Benefit Trust Funds	Total
ASSETS:			
Cash and Equivalents - Restricted	$ 2,035,839	$ -	$ 2,035,839
Total Cash and Equivalents	2,035,839	-	2,035,839
Investments, at fair value:			
Equity Securities	-	23,987,167	23,987,167
Total Investments	-	23,987,167	23,987,167
TOTAL ASSETS	$ 2,035,839	$ 23,987,167	$ 26,023,006
LIABILITIES:			
Undistributed Tax Collections	1,184,691	-	1,184,691
Other Liabilities	57,907	-	57,907
Bond & Restitutions	449,696	-	449,696
Due to Inmates	198,837	-	198,837
Due to Governmental Units	144,708	-	144,708
TOTAL LIABILITIES	2,035,839	-	2,035,839
NET POSITION:			
Held in Trust for Pension Benefits and Other Purposes	$ -	$ 23,987,167	$ 23,987,167

Statement of Changes of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Custodial Funds	Trust: Other Employee Benefit Trust Funds
ADDITIONS:		
Contributions		
Members	$ -	$ 1,165,163
Interest	-	2,517,732
Taxes Collected for Other Governments	12,233,002	-
Fees and Fines Collected on behalf of Other Governments	8,120,532	-
Fees and Fines Collected on behalf of Other Agencies	644,499	-
Bonds, Restitutions, and Payables to Others	201,930	-
Collections from or On Behalf of Inmates	166,505	-
TOTAL ADDITIONS	21,366,468	3,682,895
DEDUCTIONS:		
Payment of Taxes to Other Governments	12,233,002	-
Payment of Trust Benefits and fees	-	2,316,762
Fees and Fines Remitted to Other Units of Government	8,120,532	-
Fees and Fines Remitted to Other Agencies	644,499	-
Payments on Behalf of Inmates	166,505	-
Bonds, Restitutions, and Payables to Others	201,930	-
TOTAL DEDUCTIONS	21,366,468	2,316,762
CHANGE IN NET POSITION	-	1,366,133
NET POSITION BEGINNING OF YEAR	-	22,621,034
NET POSITION END OF YEAR	$ -	$ 23,987,167

Component Units

Statement of Net Position
Component Units
December 31, 2025

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2025	Totals
ASSETS:				
Cash and Investments - Unrestricted	$ 450,687	418,001	$ 7,108,463	$ 7,977,151
Cash and Investments - Restricted	-	326,566	-	326,566
Receivables:				
Accounts	-	609,216	185,662	794,878
Taxes	1,104,653	-	-	1,104,653
Lease	-	2,274,293	-	2,274,293
Due from Governmental Units	2,251,934	414,311	345,135	3,011,380
Inventory	1,171,836	67,080	-	1,238,916
Prepaid Items	60,960	-	43,001	103,961
Net OPEB Asset	-	294,702	-	294,702
Capital Assets (Nondepreciable)	65,703,373	13,797,905	1,204,631	80,705,909
Capital Assets (Net of Accumulated Depreciation)	50,802,019	23,882,965	24,951,865	99,636,849
TOTAL ASSETS	121,545,462	42,085,039	33,838,757	197,469,258
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Items	121,221	26,035	1,084,891	1,232,147
OPEB Related Items	1,667,484	9,973	-	1,677,457
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,788,705	36,008	1,084,891	2,909,604
LIABILITIES:				
Accounts Payable	767,736	153,139	368,230	1,289,105
Accrued Liabilities	496,010	44,829	81,499	622,338
Unearned Revenue	-	93,712	-	93,712
Due to State	-	-	284,599	284,599
Advances	729,654	-	-	729,654
Notes and Leases Payable - Due within one year	302,537	-	-	302,537
Vested Employee Benefits - Due within one year	295,039	15,730	11,895	322,664
Notes and Leases Payable - Due in more than one year	1,200,529	-	-	1,200,529
Vested Employee Benefits - Due in more than one year	264,314	158,295	278,315	700,924
OPEB Obligation - Due in more than one year	7,845,295	-	-	7,845,295
Net Pension Liability - Due in more than one year	9,060,421	780,402	8,270,683	18,111,506
TOTAL LIABILITIES	20,961,535	1,246,107	9,295,221	31,502,863
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Items	828,499	103,435	8,618	940,552
OPEB Related Items	495,466	28,658	-	524,124
Lease Items	-	2,054,787	-	2,054,787
Taxes Levied for a Subsequent Period	1,103,613	-	-	1,103,613
TOTAL DEFERRED INFLOWS OF RESOURCES	2,427,578	2,186,880	8,618	4,623,076
NET POSITION:				
Net Investment in Capital Assets	115,002,326	37,680,870	26,156,496	178,839,692
Restricted	1,555,363	294,110	-	1,849,473
Restricted for County Roads	(16,612,635)	-	-	(16,612,635)
Unrestricted	-	713,080	(536,687)	176,393
TOTAL NET POSITION	$ 99,945,054	$ 38,688,060	$ 25,619,809	$ 164,252,923

Statement of Activities
Component Units
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2025	Totals
Road Commission:								
Public Works	$ 15,692,410	$ 4,885,896	$ 9,525,694	$ 7,178,547	$ 5,897,727	$ -	$ -	$ 5,897,727
Economic Development Corporation:								
Economic Development	6,901,319	4,001,131	50,000	6,692,370	-	3,842,182	-	3,842,182
E.U.P. Transportation Authority:								
Public Works	6,832,401	2,902,228	2,699,266	1,010,696	-	-	(220,211)	(220,211)
Total Component Units	$ 29,426,130	$ 11,789,255	$ 12,274,960	$ 14,881,613	5,897,727	3,842,182	(220,211)	9,519,698
General Revenues:								
Taxes - Real Property					1,066,953	-	-	1,066,953
Interest Income					4,563	106,194	181,801	292,558
Gain (Loss) on Disposal					35,322	-	7,967	43,289
Total General Revenues					1,106,838	106,194	189,768	1,402,800
Changes in Net Position					7,004,565	3,948,376	(30,443)	10,922,498
Net Position - Beginning (as Restated, See Note 12)					92,940,489	34,739,684	25,650,252	153,330,425
Net Position - Ending					$ 99,945,054	$ 38,688,060	$ 25,619,809	$ 164,252,923

See accompanying notes to financial statements.

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A – Reporting Entity

The County of Chippewa was incorporated under the laws of the State of Michigan in 1877 and operates under an elected Commission form of government. As required by U.S. generally accepted accounting principles, the financial statements of the reporting entity include those of the County of Chippewa (primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationship with the County.

Component Units:

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

Discretely Presented Component Units

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

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

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

Eastern Upper Peninsula Transportation Authority – The members of the governing board of the Transportation Authority are appointed as follows: three members by Chippewa County and two members by Luce County. The County exercises oversight responsibility and has accountability of fiscal matters. The Transportation Authority has a September 30, 2025, 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 Community 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, 2025.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 2025 ad valorem tax is levied and collectible on December 1, 2025, and 2025 ad valorem tax is levied and collectible on July 1, 2025, 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, 2024, taxable valuation of the County of Chippewa totaled $1,423,731,000 on which ad valorem taxes levied consisted of .4268 mills for fire/ambulance services, .9805mills for roads, .4992 mills for recycling, .7444 mills for senior program and .0992 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, 2025, taxable valuation of the County of Chippewa totaled $1,488,875,430 on which ad valorem taxes levied consisted of 6.0861 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

The County collapses certain funds into the general fund for external financial reporting purposes. A combining schedule is provided as other supplementary information to show the various components.

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.

Health Department Fund

This fund accounts for health services and related grant funds.

Senior Nutrition Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ambulance Fund

This fund accounts for the activities of the County's ambulance milage and distributions.

Chippewa County Recycling Fund

This fund accounts for the millage collection and distribution of those funds.

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.

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. Elimination 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 relates 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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

- 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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 capital project monies.

- Assigned: This classification includes amounts that are constrained by the County's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the County through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

- Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

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

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

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

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.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

d. The general statute governing County budgetary activity is the State of Michigan Uniform Budgeting and Accounting Act. In addition to the provisions of said Act and Board policy, general statements concerning the Board's intent regarding the administration of each year's budget are set out in the Annual General Appropriations Act. The Chippewa County Board of Commissioners, through policy action, specifically directs the Administrator not to authorize or participate in any expenditure of funds except as authorized by the Annual General Appropriations Act. The Board recognized that, in addition to possible Board sanctions for willful disregard of this policy, State statutes provide for civil liability for violations of the Annual General Appropriations Act.

e. Supplemental appropriations are submitted to and reviewed and submitted to the Finance Committee for further consideration. If approved, they are transmitted to the County Board of Commissioners for their review and approval. If approved, they are implemented by the Administrator's office through a budget revision.

f. The County of Chippewa adopts its Annual Budget on a departmental basis. At each level of detail, governmental operations are summarized into expenditure account groups. Funding sources are also identified and adopted at each level of detail. Budgetary control exists at the most detailed level adopted by the Board of Commissioners, i.e., department for analytical purposes. A detailed line-item breakdown is prepared for each program. Accounting, i.e., classification control, resides at the line-item detail level.

g. Budgets were adopted in substance on the modified accrual basis which is consistent with U.S. generally accepted accounting principles. Budgeted amounts reported in the financial statements are as amended by the County Board of Commissioners, which was materially the same as originally adopted.

h. General Fund budgeted appropriations to other County departments/budgetary units unexpended at the end of the current fiscal operating year revert to the County General Fund and all budgets lapse at year end.

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

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

NOTE 3 - CASH AND INVESTMENTS

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

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds	Component Units
Cash and Investments					
-Unrestricted	$ 12,162,515	$ 12,414,256	$ 24,576,771	$ -	$ 7,977,151
-Restricted	108,705	-	108,705	26,023,006	326,566
Total	$ 12,271,220	$ 12,414,256	$ 24,685,476	$ 26,023,006	$ 8,303,317

NOTE 3 - CASH AND INVESTMENTS (Continued)

The breakdown between deposits is as follows:

	Primary Government	Fiduciary Funds	Component Units
Bank Deposits (checking and savings accounts, certificates of deposit)	$ 24,114,206	$ 2,035,839	$ 8,301,417
Petty Cash and Cash on Hand	3,275	-	1,900
Investments	567,995	23,987,167	-
Total	$ 24,685,476	$ 26,023,006	$ 8,303,317

Investments:

Description	Fair Value	Maturity in Years: Less Than 1	1 – 5	6 – 10	S&P Rating
Treasury Bonds	$ 567,995	$ 567,995	-	-	AA to AAA
Equity Mutual Funds*	23,987,167	23,987,167	-	-	Unavailable
Total Investments	$ 24,555,162	$ 24,555,162	$ -	$ -	

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. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. The County's investment policy does not have specific limits in excess of state law on investment credit risk.

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 custodial deposit credit risk. As of yearend, $7,079,639 of the County's bank balance of $25,973,934 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. State law does not require, and the County does not have a policy for investment custodial risk.

NOTE 3 - CASH AND INVESTMENTS (Continued)

Fair value measurement. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or equivalent) as a practical expedient are not classified in the fair value hierarchy. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The County's assessment of the significance of particular inputs to these fair value measurements required judgment and considers factors specific to each asset or liability.

* The County has the following recurring fair value measurements as of December 31, 2025:

- Investments held in the MERS Investment Services Program, which are primarily mutual funds used to fund retiree defined benefit pensions, with a balance of $23,987,167 are valued using level 2 inputs.

<u>Statutory Authority</u>:

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.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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.

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, 2025, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 231,810	$ -	$ -	$ 231,810
Construction in Progress	12,507	125,061	(12,507)	125,061
Subtotal	244,317	125,061	(12,507)	356,871
Capital Assets Being Depreciated:				
Land Improvements	209,400	-	-	209,400
Buildings and Improvements	22,553,633	52,340	(28,662)	22,577,311
Furniture and Equipment	5,768,265	247,075	(435,578)	5,579,762
Vehicles	1,693,887	264,983	(81,698)	1,877,172
Subtotal	30,225,185	564,398	(545,938)	30,243,645
Less Accumulated Depreciation:				
Land Improvements	(172,830)	(4,260)	-	(177,090)
Buildings and Improvements	(12,319,785)	(448,784)	28,662	(12,739,907)
Furniture and Equipment	(4,470,271)	(291,544)	445,553	(4,316,262)
Vehicles	(1,050,425)	(225,119)	77,867	(1,197,677)
Subtotal	(18,013,311)	(969,707)	552,082	(18,430,936)
Net Capital Assets Being Depreciated	12,211,874	(405,309)	6,144	11,812,709
Capital Assets - Net	$ 12,456,191	$ (280,248)	$ (6,363)	$ 12,169,580

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

Health and Welfare	$ 16,003
Unallocated	953,704
Total	$ 969,707

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Chippewa County Road Commission year ended December 31, 2025, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
Capital Assets Not Being Depreciated				
Land and Improvements	$ 64,446,813	$ 1,256,560	$ -	$ 65,703,373
Capital Assets Being Depreciated				
Buildings	6,711,948	-	-	6,711,948
Road Equipment	18,537,981	2,354,703	(231,284)	20,661,400
Shop Equipment	402,479	-	-	402,479
Office Equipment	74,435	-	-	74,435
Engineers' Equipment	171,874	-	-	171,874
Depletable Assets	1,551,477	-	-	1,551,477
Infrastructure – Roads	46,016,199	2,333,122	(3,317,913)	45,031,408
Infrastructure – Bridges	26,271,836	5,562,116	-	31,833,952
Subtotal	99,738,229	10,249,941	(3,549,197)	106,438,973
Less Accumulated Depreciation				
Buildings	(3,695,151)	(194,728)	-	(3,889,879)
Road Equipment	(16,698,812)	(775,747)	231,284	(17,243,275)
Shop Equipment	(293,231)	(15,532)	-	(308,763)
Office Equipment	(69,189)	(2,164)	-	(71,353)
Engineers' Equipment	(133,227)	(15,995)	-	(149,222)
Depletable Assets	(473,673)	(2,386)	-	(476,059)
Infrastructure – Roads	(22,174,577)	(2,314,422)	3,317,913	(21,171,086)
Infrastructure – Bridges	(11,817,778)	(509,539)	-	(12,327,317)
Subtotal	(55,355,638)	(3,830,513)	3,549,197	(55,636,954)
Net Capital Assets Being Depreciated	44,382,591	6,419,428	-	50,802,019
Total Net Capital Assets	$ 108,829,404	$ 7,675,988	$ -	$ 116,505,392

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

Total Depreciation Expense – Public Works	$ 3,830,513

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Economic Development Corporation year ended December 31, 2025, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
Capital assets not being depreciated:				
Land	$ 2,194,958	$ -	$ -	$ 2,194,958
Construction in Progress	6,792,354	6,334,096	(1,523,503)	11,602,947
Subtotal	8,987,312	6,334,096	(1,523,503)	13,797,905
Capital assets being depreciated:				
Vehicles	3,208,696	56,250	-	3,264,946
Improvements	30,950,658	2,372,612	-	33,323,270
Buildings	18,667,288	-	-	18,667,288
Equipment	5,038,660	-	-	5,038,660
Subtotal	57,865,302	2,428,862	-	60,294,164
Less accumulated depreciation:				
Vehicles	(2,613,000)	(154,529)	-	(2,767,529)
Improvements	(19,270,147)	(1,354,360)	-	(20,624,507)
Buildings	(8,298,259)	(523,493)	-	(8,821,752)
Equipment	(3,992,567)	(204,844)	-	(4,197,411)
Subtotal	(34,173,973)	(2,237,226)	-	(36,411,199)
Net Capital Assets Being Depreciated	23,691,329	191,636	-	23,882,965
Capital assets – Net of depreciation	$ 32,678,641	$ 6,525,732	$ (1,523,503)	$ 37,680,870

Depreciation expense was charged to business activities for economic development in the amount of $2,237,226.

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets activity for the Eastern Upper Peninsula Transportation Authority year ended September 30, 2025, was as follows:

	Beginning Balances	Additions/ Adjustments	Deductions/ Adjustments	Ending Balances
Capital assets not being depreciated:				
Land	$ 515,694	$ -	$ -	$ 515,694
Construction in Progress	12,918,132	688,938	(12,918,133)	688,937
Subtotal	13,433,826	688,938	(12,918,133)	1,204,631
Capital assets being depreciated:				
EUPTA Assets	13,704	51,711	12,918,133	12,983,548
Busing Assets	1,352,873	209,657	(174,495)	1,388,035
Ferry Assets	30,490,213	190,983	(55,528)	30,625,668
Subtotal	31,856,790	452,351	12,688,110	44,997,251
Less accumulated depreciation for:				
EUPTA Assets	(10,711)	(4,665)	-	(15,376)
Busing Assets	(705,477)	(201,311)	147,862	(758,926)
Ferry Assets	(17,889,341)	(1,436,294)	54,551	(19,271,084)
Subtotal	(18,605,529)	(1,642,270)	202,413	(20,045,386)
Net Capital Assets Being Depreciated	13,251,261	(1,189,919)	12,890,523	24,951,865
Capital Assets - Net	$ 26,685,087	$ (500,981)	$ (27,610)	$ 26,156,496

Depreciation expenses were charged to business-type activities for the Eastern Upper Peninsula Transportation Authority in the amount of $1,642,270.

NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

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

DUE TO OTHER FUNDS	DUE FROM OTHER FUNDS
	General
Nonmajor Governmental	$ 266,187
Ambulance	1,009
Internal Service	295,812
Total	$ 565,057

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

TRANSFERS IN	TRANSFERS (OUT)					
	General	Ambulance	Nonmajor Governmental	Tax Collection	Nonmajor Enterprise	Total
General	$ 108,740	$ -	$ 175,548	$ 866,525	$ 33,323	$ 1,184,136
Nonmajor Governmental	915,556	212,598	-	39,784	-	1,167,938
Tax Collections	-	-	-	5,007,698	-	5,007,698
Total	$ 1,024,296	$ 212,598	$ 175,548	$ 5,914,007	$ 33,323	$ 7,359,772

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.

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Within One Year
Governmental Activities							
2013 City of Sault Ste. Marie Refunding Bonds	2.00% to 4.50%	2029	$ 2,860,000	$ -	$ 500,000	$ 2,360,000	$ 530,000

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

	Governmental Activities	
Year End December 31	Principal	Interest
2026	530,000	100,200
2027	570,000	77,675
2028	610,000	53,450
2029	650,000	26,000
Total	$ 2,360,000	$ 257,325

Interest expense of the primary government was unallocated in the amount of $120,200.

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.

	Beginning Balances	Net (Deductions)/ Additions	Ending Balances
Vested Employee Benefits	$ 454,961	$ 48,331	$ 503,292

NOTE 6 - LONG-TERM DEBT (Continued)

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

A summary of vested employee benefits are as follows:

Vacation	$ 321,778
Sick Leave	181,514
TOTALS	$ 503,292

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Installment payable secured by equipment, payable in monthly installments of $3,598 including interest of 3.25%, due 2025.	21,339	-	21,339	-	-
Installment payable secured by equipment, payable in monthly installments of $4,226 including interest of 3.25%, due 2025.	20,805	-	20,805	-	-
Installment payable secured by equipment, payable in monthly installments of $26,907 including interest of 5.756%, due 2030.	-	1,400,000	188,816	1,211,184	233,962
Note payable to bank, secured by equipment, payable in monthly installments of $5,003 including interest of 4.99%, due 2030.	362,879	-	70,997	291,882	68,575
Subtotal	405,023	1,400,000	301,957	1,503,066	302,537
Compensated Absences - net increase	628,312	-	68,959	559,353	295,039
TOTAL LONG-TERM DEBT	$ 1,033,335	$ 1,400,000	$ 370,916	$ 2,062,419	$ 597,576

NOTE 6 - LONG-TERM DEBT (Continued)

Annual debt service requirements are as follows:

	Principal	Interest	Total
2026	302,537	77,961	380,498
2027	345,860	59,181	405,041
2028	365,721	39,320	405,041
2029	382,577	18,346	400,923
2030	106,371	1,279	107,650
Total	$ 1,503,066	$ 196,087	$ 1,699,153

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, 2025.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

Primary Government

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.

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.

Benefits Provided. The County provides post-employment medical, prescription drug, dental and vision benefits for certain eligible retirees.

Eligibility and Benefits

Non-Union, AFSCME-Courthouse / AFSCME-Circuit / AFSCME-Probate, and Elected Officials:

Hired Prior to 1984

- 20 years of service/55 years old 100% coverage – Lifetime benefit.
- 15 years of service/55 years old 75% coverage - Lifetime benefit.

Non-Union and Elected Officials:

Hired between 1/1/1984 – 12/31/2004

Hired on or after June 1, 2005

- 20 years of service/55 years old 100% coverage - Benefits paid for 15 years.
- 15 years of service/55 years old 75% coverage - Benefits paid for 10 years.
- 10 years of service/50 years old 50% coverage - Benefits paid for 5 years.

Hired on or after June 1, 2005

- No retiree health care provided.

AFSCME / TPOAM-Courthouse, AFSCME / TPOAM-Circuit, AFSCME / TPOAM-Probate

Hired between 1/1/1984 – 5/31/2005

- 20 years of service/55 years old 100% coverage - Benefits paid for 15 years.
- 15 years of service/55 years old 75% coverage - Benefits paid for 10 years.
- 10 years of service/50 years old 50% coverage - Benefits paid for 5 years.

Hired on or after June 1, 2005

- No retiree health care provided.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Central Dispatch and Senior Dispatcher:

Hired Prior to January 1, 2008

- 20 years of service/55 years old 100% coverage - Benefits paid for 15 years.
- 15 years of service/55 years old 75% coverage - Benefits paid for 10 years.
- 10 years of service/50 years old 50% coverage - Benefits paid for 5 years.

Hired on or after January 1, 2008

- No retiree health care provided. There is one exception for one employee.

Road Patrol and Corrections:

Hired Prior to January 1, 2006

- 20 years of service/55 years old 100% coverage – Retiree's Lifetime Benefit.
- 15 years of service/55 years old 75% coverage – Retiree's Lifetime Benefit.
- 10 years of service/50 years old 50% coverage – Retiree's Lifetime Benefit.

Hired on or after January 1, 2006

- No retiree health care provided.

Health Department:

Hired Prior to 1984

- 20 years of service/55 years old 100% coverage – Retiree's Lifetime Benefit.
- 15 years of service/55 years old 75% coverage – Retiree's Lifetime Benefit.
- 10 years of service/50 years old 50% coverage – Retiree's Lifetime Benefit

Hired between 1/1/85-4/30/2008

- 20 years of service/55 years old 100% coverage - Benefits paid for 15 years.
- 15 years of service/55 years old 75% coverage - Benefits paid for 10 years.
- 10 years of service/50 years old 50% coverage - Benefits paid for 5 years.

Hired on or after 5/1/2008

No retiree health care provided

Funding Policy. Contribution requirements are also negotiated between the County and employees at varying levels. The County contributed $1,126,028 (County $643,603 / Health Department $482,425) to the plan for the fiscal year ending December 31, 2025. Total member contributions were $0.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

Actual valuation date of January 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	90
Inactive employees entitled to but not yet receiving benefits	-
Active employees	35
Total participants covered by OPEB Plan	125

The County's OPEB Plan is closed to new entrants.

Total OPEB Liability

The County's total OPEB liability of $20,615,236 (County $15,163,028/ Health Department $5,452,208) was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2024, with updating procedures used to roll forward the OPEB liability to the measurement date. The total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service or 'earned', discounted to the end of the year using the current discount rate.

Assets In Trust

As of December 31, 2025, the OPEB trust has assets totaling $23,190,625 (County $17,467,099 / Health Department $5,723,526).

Actuarial Assumptions and Other Inputs

Census Collection Date	January 1, 2024
Discount Rate	5.00%
Year 1 Inflation Rate (Pre / Post 65)	7.50% / 5.75%
Year 2 Inflation Rate (Pre / Post 65)	7.25% / 5.50%
Ultimate Inflation Rate	4.50%
Year Ultimate Inflation Rate is Reached (Pre / Post 65)	2037 / 2030
Return on Plan Assets	5.00%
Actuarial Cost Method	Entry Age Normal (Percent of Salary)
Salary Increases	3.65%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of as of December 31, 2025.

Mortality rates: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Contingent Survivors Headcount-Weighted Mortality.

NOTE 9 -OTHER POST EMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of December 31, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
MERS Large Cap Blend	100.00%	5.00%

Significant Changes from the Previous Actuarial Valuation

- The retirement and withdrawal tables were updated to reflect the rates from the *Summary of Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method as of December 31, 2024 for MERS.*
- The payroll growth rate increased to 3.65% based on the Public Act 202: Selection of the Uniform Assumptions for Fiscal Year 2025.
- Trends were updated based on the Public Act 202: Selection of the Uniform Assumptions for Fiscal Year 2025.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Net OPEB Liability, January 1, 2025	$ 20,593,292	$ 21,171,838	$ (578,546)
Service cost	91,927	-	91,927
Interest	1,008,488	-	1,008,488
Changes in assumptions	12,634	-	12,634
Contributions - Employer	-	1,126,028	(1,126,028)
Net investment income	-	1,430,156	(1,430,156)
Benefit payments	(1,126,028)	(1,126,028)	-
Investment fees	-	(108,405)	108,405
Other	34,923	697,036	(662,113)
Net changes	21,944	2,018,787	(1,996,843)
Net OPEB Liability, December 31, 2025	$ 20,615,236	$ 23,190,625	$ (2,575,389)

Other changes in fiscal year 2025 represent the change in beginning OPEB liability and fiduciary net position due to the Health Departments change of fiscal year of from September 30 to December 31.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Covered payroll was $1,891,578. Actuarial determined contributions as percentage of covered payroll was (174.25%).

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB Liability, calculated using the discount rate of 5.00%, as well as what the total OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$18,616,434	$20,615,236	$22,602,579
Trend	**1% Decrease**	**Current Rate**	**1% Increase**
Total OPEB Liability	$23,171,930	$20,615,236	$18,121,815

For the year ended December 31, 2025, the County recognized an OPEB expense as follows:

Service Cost	$ 91,927
Interest	1,008,488
Recognition of economic/demographics gains or losses	773,719
Recognition of assumptions changes or inputs	(122,498)
Deferred (Inflows)/Outflows from investment activities	(475,618)
Expected investment income	(1,126,488)
Investment fees	108,405
Net OPEB Expense	$ 257,935

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025 the County recognized OPEB expense (credit) of $256,885.

At December 31, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	15,925	13,563
Net difference between projected and actual earnings on pension plan investments	-	1,393,623
Total	$ 15,925	$ 1,407,186

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2026	$ (108,373)
2027	(609,128)
2028	(413,027)
2029	(260,733)
	$ (1,391,261)

Economic Development Corporation of Chippewa County

Plan Description. The Corporation 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 Corporation and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the Corporation and employees. The Corporation contributes to the cost of current-year premiums for eligible retired plan members. For fiscal year 2025, the Corporation contributed $39,135 to the plan.

Employees Covered by Benefit Terms

As of January 1, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	1
Total participants covered by OPEB Plan	3

The Corporation's OPEB Plan is closed to new entrants.

Total OPEB Liability and Net OPEB Liability

The Corporation's total OPEB liability of $538,310 was measured as of December 31, 2025, and was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions and Other Inputs.

The total OPEB liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount Rate	5.00%
Healthcare Cost Trend Rates:	
2025 Trend (Pre 65 medical / Post 65 medical)	7.50% / 5.75%
2026 Trend (Pre 65 medical / Post 65 medical)	7.25% / 5.50%
Ultimate Trend	4.25%
Year Ultimate Trend	2037 / 2030
Salary Increases	3.65%

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of December 31, 2025.

Mortality rates: Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Contingent Survivors Headcount-Weighted Mortality.

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return (expected returns, net of retirement plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the retirement plan's target asset allocation as of December 31, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
MERS total Market Portfolio – Large Cap Blend	100%	5.00%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed future Corporation contributions. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at January 1, 2025	$ 494,521	$ 788,631	$ (294,110)
Service cost	3,028	-	3,028
Interest on total OPEB liability	26,566	-	26,566
Change in assumptions	53,331	-	53,331
Difference between expected and actual experience	-	-	-
Contributions - Employer	-	39,135	(39,135)
Net investment income	-	48,441	(48,441)
Benefit payments	(39,135)	(39,135)	-
Administrative expense	-	(4,059)	4,059
Net changes	43,790	44,382	(592)
Balances as of December 31, 2025	$ 538,311	$ 833,013	$ (294,702)

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate.

The January 1, 2025 valuation was prepared using a discount rate of 5.00%. If the discount rate were 1% higher than what was used it this valuation, the net OPEB Liability would decrease. If the discount rate were 1% lower than was used in this valuation, the net OPEB Liability would increase.

Discount	1% Decrease	Current Rate	1% Increase
Total OPEB Liability	$486,094	$538,311	$590,204
Trend			
Total OPEB Liability	$476,459	$538,311	$601,778

For the year ended December 31, 2025, the Corporation recognized an OPEB expense as follows:

Service Cost	$ 3,028
Interest	26,566
Recognition of economic/demographics gains or losses	12,455
Recognition of assumptions changes or inputs	40,688
Deferred (Inflows)/Outflows from investment activities	13,784
Expected investment income	(40,541)
Investment fees	4,059
Net OPEB Expense	$ 60,039

At December 31, 2025, the Corporation reported deferred outflows / inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	9,973	-
Net difference between projected and actual earnings on pension plan investments	-	28,658
Total	$ 9,973	$ 28,658

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

Year Ended December 31:	
2026	$ 19,692
2027	(16,259)
2028	(12,711)
2029	(9,407)
	$ (18,685)

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Chippewa County Road Commission

Plan Description

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.

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.

As of December 31, 2025, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	68
Inactive employees entitled to but not yet receiving benefits	-
Active employees	60
Total participants covered by OPEB Plan	128

Contributions

The Plan was established and is funded under the authority of the Road Commission's governing body and under agreements with the unions representing various classes of employees. The Plan's funding policy is that the Road Commission will contribute $300,000 per year while continuing to pay retiree benefits from general operating funds until 100% funded status is obtained. Currently, benefit payments are made from general operating funds. There are no long-term contract for contributions to the plan.

Net OPEB Liability

The Road Commission's net OPEB liability was measured as of December 31, 2025

Actuarial Assumptions

The total OPEB liability used to calculate the net OPEB liability was determined by an annual actuarial valuation as of December 31, 2025. The following actuarial assumptions, applies to all periods included in the measurement:

Inflation	Included in the investment return
Salary Increases	2.00%
Investment rate of return	7.58% (including inflation)
20-year Aa Municipal Bond Rate	4.43% (S&P Municipal Bond 20-year High Grade Rate Index)
Mortality	2010 Public General Employees and Healthy Retirees, Headcount weighted.
Improvement Scale	IRS 2024 Adjusted Scale MP-2021

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Large Cap US	24.00%	9.45%
Mid Cap US	5.10%	9.77%
Small Cap US	2.90%	9.60%
International Equities	25.00%	8.40%
Emerging Mkt Equity	8.00%	10.00%
US Equity (Other) – Convertible	3.00%	9.50%
Short Term Fixed Inc.	14.00%	3.50%
US Fixed Inc.	9.00%	3.90%
International Fixed Inc.	1.00%	3.80%
Inflations – Linked	1.00%	4.90%
High Yield	3.00%	5.80%
Precious Metals (Commodities)	4.00%	5.40%

The sum of each large allocation times its long-term expected rate of return, plus inflation, is 7.58%.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.58%. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make annual contributions of $300,000 until the plan is fully funded. Based on this assumption, the retirement plan's fiduciary net position was projected to be sufficient to make projected future benefit payments of current plan members. For projected benefits that are covered by projected assets, the long-term expected rate was used to discount the projected benefits. From the year that benefit payments were not projected to be covered by the projected assets (the "*depletion date*", not applicable for this plan), projected benefits were discounted at a discount rate reflecting a 20-year AA/Aa tax-exempt municipal bond yield. A single equivalent discount rate that yields the same present value of benefits is calculated. This discount rate is used to determine the Total OPEB Liability. As of December 31, 2025, the discount rate used to value OPEB liabilities was 7.47%.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2024	$ 11,710,286	$ 5,114,390	$ 6,595,896
Service cost	50,780	-	50,780
Interest on total OPEB liability	839,621	-	839,621
Experience (gains)/losses	2,431,108	-	2,431,108
Change in actuarial assumptions	126,853	-	126,853
Change in Plan Terms	-	-	-
Contributions to OPEB trust	-	300,000	(300,000)
Employer Contributions		1,042,307	(1,042,307)
Net investment income	-	897,992	(897,992)
Benefit payments including refunds of employee contributions	(1,042,307)	(1,042,307)	-
Administrative expense	-	(41,503)	41,503
Other changes	-	167	(167)
Net changes	2,406,055	1,156,656	1,249,399
Balances as December 31, 2025	$ 14,116,341	$ 6,271,046	$ 7,845,295

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.

The following presents the Net OPEB Liability of the Road Commission, calculated using discount rate of 7.58%, as well as what the Road Commissions Net OPEB liability would be using a discount rate that is 1% lower (6.58%) or 1% higher (8.58%) than the current rate.

	1% Decrease 6.58%	Current Discount Rate 7.58%	1% Increase 8.58%
Net OPEB Liability	$8,986,690	7,845,295	$6,850,573

The following presents the Net OPEB Liability of the Road Commission, calculated using the current healthcare cost trend rates as well as what the Road Commission's Net OPEB liability would be using a trend rate that is 1% lower or 1% higher than the current trend rate.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	$6,801,906	$7,845,295	$9,034,341

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the Road Commission recognized OPEB expense/(benefit) of $(869,030). The Road Commission reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Difference in experience	$ 1,667,484	$ -
Difference in assumptions	-	78,030
Excess (deficit) investment returns	-	417,436
Total	$ 1,667,484	$ 495,466

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31:	
2026	$ 291,567
2027	441,681
2028	506,635
2029	(68,426)
	$ 1,171,457

Payable to OPEB Plan

At December 31, 2025, the Road Commission reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2025.

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 multiplied by the sum of 2.25%, 1% hybrid, and 2.5% for deputies' times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2024.

General Information about the Pension Plan

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

01 – Gnrl Other: Closed to new hires, linked to Division HF	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

02 – County Corrections: Closed to new hires, linked to Division HB	
	2024 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

11 – Hlth Dept: Closed to new hires, linked to Division HD	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

15 – Health Dept Non-Un: Closed to new hires, linked to Division HE	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

16 – County Non-Union: Closed to new hires, linked to Division HC	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

20 – County Sheriff Road: Closed to new hires, linked to Division HA	
	2024 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25 55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

HA – Sheriff Rd after 5/1/10: Open Division, Linked to Division 20	
	2024 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

HB – Sheriff hired after 5/1/10: Open Division, Linked to Division 02	
	2024 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HC – General Non-Un hired after 5/1/10: Open Division, Linked to Division 16	
	2024 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

HD – Teamsters after4/1/11: Open Division, Linked to Division 11	
	2024 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 3/15/1974)

HE – Non-Union after 4/1/2011: Open Division, Linked to Division 15	
	2024 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 3/15/1974)

HF – County AFSCME after 04/01/12: Open Division, Linked to Division 01	
	2024 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Employees Covered by Benefit Terms

At December 32, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	208
Inactive employees entitled to but not yet receiving benefits	73
Active employees	134
	415

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 by division number at December 31, 2024 are as follows:

01	$ 38,996	HA	$ -
02	15,326	HB	2,227
11	24,426	HC	8,119
15	36,053	HD	-
16	38,604	HE	928
20	14,999	HF	5,268

Net Pension Liability

The County's net pension liability was measured as of December 31, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024.

Actuarial Assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.00% in the Long Term
Investment rate of return	6.93%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3% - 4%.

Mortality rates used were based on the Pub-2010 General Employees and Healthy Retirees Mortality Table, head-count weighted MP-2019 Scale.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study January 1, 2019, through December 31, 2023.

Change in Actuarial Assumptions. The actuarial assumptions used in December 31, 2024 valuation were updated to reflect current experience and expectations, including a reduction in the discount rate from 7.25% to 7.18%, decreased in assumed rate or investment return from 7.00% to 6.93% and an updated experience study. These changes resulted in an increase in total pension liability

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	2.70%
Global Fixed Income	20.0%	0.43%
Private Investments	20.0%	1.30%

Discount Rate. The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2024	$ 56,724,629	$ 37,741,693	$ 18,982,936
Service cost	539,558	-	539,558
Interest on total pension liability	3,963,475	-	3,963,475
Changes in benefits	-	-	-
Difference between expected and actual experience	(146,459)	-	(146,459)
Changes in assumptions	(49,551)	-	(49,551)
Employer contributions	-	3,455,529	(3,455,529)
Employee contributions	-	55,859	(55,859)
Net investment income	-	5,720,610	(5,720,610)
Benefit payments, including employee refunds	(3,585,643)	(3,585,643)	-
Administrative expense	-	(75,424)	75,424
Other changes	12,937	(190,816)	203,753
Net changes	734,317	5,380,115	(4,645,798)
Balances at December 31, 2025	$ 57,458,946	$ 43,121,808	$ 14,337,138

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.18%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.18%) or 1-percentage-point higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
County's net pension liability	$20,708,462	$14,337,138	8,982,659

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense.

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

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

For the year ended December 31, 2025, the County recognized pension expense of $1,810,050. At December 31, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 45,025	$ 63,934
Changes in assumptions	117,319	118,515
Net difference between projected and actual earnings on pension plan investments	-	1,455,746
Contributions subsequent to the measurement date	194,986	-
Total	$ 357,330	$ 1,638,195

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

Year Ended December 31:	
2026	372,853
2027	(573,831)
2028	(671,651)
2029	(603,222)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Chippewa County Road Commission

Plan Description

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

01 – Gnrl: Closed to new hires, linked to Division 10	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
COLA for Future Retirees:	N/A
Employee Contributions:	0%
Act 88:	Yes (Adopted 11/20/1970)

10 – After 2/04: Open Division, linked to Division 01	
	2024 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
COLA for Future Retirees:	N/A
Employee Contributions:	2%
Act 88:	Yes (Adopted 11/20/1970)

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefits	5
Active employees	72
	166

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Contributions

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

The contribution rates as a percentage of payroll as of December 31, 2025, are as follows:

	Employer Contributions*	Employee Contributions
Division 01 - Gnrl; closed	$ 90,317	0.00%
Division 10 - After 2/04; open	12.56%	2.00%

*For open divisions, a percentage of pay contribution is shown. For closed divisions, a monthly dollar contribution is show.

Net Pension Liability

The Road Commission's net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of December 31, 2024.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2024, rolled forward to December 31, 2025. The following actuarial assumptions were used and applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00% plus merit and longevity; 3.00% in the long-term
Investment rate of return	6.93%, net of investment expenses and administrative expense including inflation

Although no specific price inflation assumptions are needed for the valuation, the 3.0% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the Pub 2010 General Employees and Healthy Retirees, head-count weighted, MP-2019 scale.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study January 1, 2019, through December 31, 2023.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60%	4.50%
Global Fixed Income	20%	2.00%
Private Investments	20%	7.00%

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because, for GASB 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is not of administrative expenses. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2023	$ 26,202,683	$ 15,271,547	$ 10,931,136
Service cost	553,559	-	553,559
Interest on total pension liability	1,840,409	-	1,840,409
Changes in assumptions	(59,082)	-	(59,082)
Difference between expected and actual experience	(101,326)	-	(101,326)
Employer contributions	-	1,670,074	(1,670,074)
Employee contributions	-	94,494	(94,494)
Net investment income	-	2,370,806	(2,370,806)
Benefit payments, including employee refunds	(1,685,025)	(1,685,025)	-
Administrative expense	-	(31,098)	31,098
Other changes	1	-	1
Net changes	548,536	2,419,251	(1,870,715)
Balances as of December 31, 2024	$ 26,751,219	$ 17,690,798	$ 9,060,421

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the net pension liability of the Road Commission, calculated using the discount rate of 7.18%, as well as what the Road Commission's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.18%) or 1-percentage-point higher (8.18%) than the current rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Total Pension liability	$12,030,930	$9,060,421	$6,548,936

Note: The current discount rate shown for GASB 68 purposes is higher than the MERS assumed rate of return. This is because for GASB purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes, it is net of administrative expense.

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

For the year ended December 31, 2025, the Road Commission recognized pension expense of $(54,228). The Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Difference in experience	$ 101,903	$ -
Difference in assumptions	19,318	-
Excess (deficit) investment returns	-	828,499
Subtotal	121,221	$ 828,499

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

Year Ended December 31:	
2026	$ 265,412
2027	(410,019)
2028	(308,117)
2029	(254,554)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Economic Development Corporation of Chippewa County

Description of Plan and Plan Assets

The Corporation 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 multiplied by the sum of 2.25%, and 1.50% for deputies' times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2024.

General Information about the Pension Plan

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

13 – Economic General: Closed to new hires	**2024 Valuation**
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.5% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

17 – Economic General after 12/1/13: Open Division	**2024 Valuation**
Benefit Multiplier:	1.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	3 years
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Employees Covered by Benefit Terms

At December 31, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	5
Inactive employees entitled to but not yet receiving benefits	2
Active employees	14
	21

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Corporation's competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Corporation is required to contribute at an actuarially determined rate.

The level dollar based on valuation payroll contribution rate at December 31, 2025, was $8,097 per month.

Net Pension Liability

The Corporation's net pension liability was measured as of December 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.00 percent
Investment rate of return	6.93 percent, net of interest and administrative expense including inflation.

Mortality rates used were based on the Pub-2010 General Employees and Healthy Retirees Mortality Table, head-count weighted MP-2019 Scale.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of January 1, 2019, through December 31, 2023.

Change in Actuarial Assumptions. The actuarial assumptions used in December 31, 2024 valuation were updated to reflect current experience and expectations, including a reduction in the discount rate from 7.25% to 7.18%, decreased in assumed rate or investment return from 7.00% to 6.93% and an updated experience study. These changes resulted in an increase in total pension liability.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	2.70%
Global Fixed Income	20.0%	.43%
Private Investments	20.0%	1.30%

Discount Rate. The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2024	$ 3,014,768	$ 2,075,657	$ 939,111
Service cost	81,023	-	81,023
Interest on total pension liability	214,681	-	214,681
Changes in benefits	-	-	-
Difference between expected and actual experience	12,450	-	12,450
Changes in assumptions	(987)	-	(987)
Employer contributions	-	131,681	(131,681)
Employee contributions	-	22,092	(22,092)
Net investment income	-	324,998	(324,998)
Benefit payments, including employee refunds	(130,581)	(130,581)	-
Administrative expense	-	(4,262)	4,262
Other changes	8,633	-	8,633
Net changes	185,219	343,928	(158,709)
Balances at December 31, 2025	$ 3,199,987	$ 2,419,585	$ 780,402

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Corporation, calculated using the discount rate of 7.18%, as well as what the Corporation's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.18%) or 1-percentage-point higher (8.18%) than the current rate:
)

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
EDC net pension liability	$452,987	$780,402	$1,170,811

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

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

For the year ended December 31, 2025, the Corporation recognized pension expense of $179,884. The EDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 18,175	$ -
Changes in assumptions	7,860	-
Net difference between projected and actual earnings on pension plan investments	-	103,435
Total	$ 26,035	$ 103,435

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

Year Ended December 31:	
2026	$ 39,055
2027	(45,519)
2028	(35,878)
2029	(35,058)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Eastern Upper Peninsula Transportation Authority

The Authority participates in a statewide government agent multiple-employer public employee pension plan which covers substantially all employees of the Authority.

Description of Plan and Plan Assets

The Authority is in the Municipal Employees' Retirement System (MERS), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for units of local government in Michigan. The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. All full-time employees become a member of the System on the first day of employment and are completely vested after 10 years of service. Service retirement allowances are based upon percentages ranging from 1.5 to 2.25 percent of 3 to 5-year final average compensation depending on benefit program selected, social security coverage, etc. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2024.

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

01 – General: Closed to new hires, linked to Division 11	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
Cola for Future Retirees:	2.5% (non-compound)
Member Contributions:	0%
Act 88:	Yes (Adopted 1/17/19)

10 – Busing Union: Closed to new hires linked to Division 11	
	2024 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	55/15
Early Retirement (Reduced):	50/25
Final Average Compensation:	3 years
Cola for Future Retirees:	2.5% (non-compound)
Member Contributions:	0%
Act 88:	Yes (Adopted 1/17/19)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

11 – Gnrl & Busing Union aft 6/1/16: Open Division, linked to Division 01, 10	
	2024 Valuation
Benefit Multiplier:	1.5% Multiplier (no max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25 55/15
Final Average Compensation:	5 years
Member Contributions:	0%
Act 88:	Yes (Adopted 1/17/19)

Employees Covered by Benefit Term

At the December 31, 2024 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	4
Active employees	28
	61

Contributions

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer monthly contributions as of September 30, 2025, for General (closed) is $53,648, Bussing (closed) is $6,511 and General & Busing (open) is $7,145.

Net Pension Asset. The employer's Net Pension Liability was measured as of December 31, 2024, and the total pension liability used to calculate the Net Pension Asset was determined by an annual actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability in the December 31, 2024, annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%
Salary Increases: 3.00% in the long-term, plus percentage based on age related scale.
Investment rate of return: 6.93%, net of investment expense, including inflation.

Future mortality improvements are assumed each year using scale MP-2019 applied generationally from the Pub-2010 base year of 2010.

The economic assumptions used in the valuation are a 6.93% interest rate of return and a 3.00% wage inflation assumption, as adopted on February 12, 2025. The demographic assumptions used in this valuation are based on the results of a study of plan experience that covered the period from December 31, 2019, through December 31, 2023.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	2.70%
Global Fixed Income	20.0%	0.43%
Private Investments	20.0%	1.30%

Discount Rate

The discount rate used to measure the total pension liability is 7.18%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan’s fiduciary Net Position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at December 31, 2023	$ 14,747,736	$ 6,546,908	$ 8,200,828
Service cost	204,584	-	204,584
Interest on total pension liability	1,035,983	-	1,035,983
Difference between expected and actual experience	119,636	-	119,636
Changes in assumptions	(11,490)	-	(11,490)
Employer contributions	-	807,631	(807,631)
Net investment income	-	485,719	(485,719)
Benefit payments, including employee refunds	(842,603)	(842,603)	-
Administrative expense	-	(14,491)	14,491
Other changes	1	-	1
Net changes	506,111	436,256	69,855
Balances as of December 31, 2024	$ 15,253,847	$ 6,983,164	$ 8,270,683

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the employer, calculated using the discount rate of 7.18%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.18%) or 1-percentage-point higher (8.18%) than the current rate:

	1% Decrease (6.18%)	**Current Discount Rate (7.18%)**	**1% Increase (8.18%)**
Net Pension Liability at 12/31/24	-	8,270,683	-
Change in Net Pension Liability	$1,749,798	-	($1,475,662)
Calculated Net Pension Liability	$10,020,481	$8,270,683	$6,795,021

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

For the year ended September 30, 2025, the employer recognized pension expense of $837,336. The employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences in experience	$ 176,700	$ -
Differences in assumptions	54,411	8,618
Excess (Deficit) Investment Returns	237,483	-
Contributions subsequent to the measurement date	616,297	-
Total	$ 1,084,891	$ 8,618

The amount reports as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the Net Pension Liability for the year ending September 30, 2025.

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

Year Ended September 30:	
2026	$ 204,741
2027	280,846
2028	(22,125)
2029	(3,486)

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 - RESTATEMENT

	Component Units
	EUPTA
Beginning net position as previously stated at October 1, 2024	$ 25,576,671
Adjustment to recognize prior year revenues	73,581
Beginning net position as restated at October 1, 2024	$ 25,650,252
	EDC
Beginning net position as previously stated at January 1, 2025	$ 34,698,034
Adjustment to adjust for changes in capital assets	41,650
Beginning net position as restated at January 1, 2025	$ 34,739,684

Required Supplementary Information

Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability										
Service cost	$ 539,558	$ 592,280	$ 585,912	$ 569,334	$ 482,863	$ 605,128	$ 639,114	$ 634,541	$ 658,712	$ 684,077
Interest	3,963,475	3,911,340	3,879,390	3,841,765	3,563,172	3,365,920	3,461,811	3,385,669	3,265,125	3,009,234
Difference between expected and actual experience	(146,459)	(78,102)	(546,496)	(864,764)	1,225,430	239,477	(154,500)	(333,125)	96,527	166,122
Change in assumptions	(49,551)	409,799	-	1,998,993	2,170,758	1,280,006	-	-	-	1,584,621
Benefit payments, including refund of member contributions	(3,585,643)	(3,482,423)	(3,412,858)	(3,346,814)	(3,100,956)	(2,987,121)	(2,767,443)	(2,556,950)	(2,287,670)	(2,184,386)
Net transfers	-	-	-	-	-	-	-	-	-	(27,518)
Other changes	12,937	(22,864)	(32,140)	123,498	138,353	136,328	(36,367)	(75,393)	(79,187)	26,654
Net change in total pension liability	734,317	1,330,030	473,808	2,322,012	4,479,620	2,639,738	1,142,615	1,054,742	1,653,507	3,258,804
Total pension liability - beginning	56,724,629	55,394,599	54,920,791	52,598,779	48,119,159	45,479,421	44,336,806	43,282,064	41,628,557	38,369,753
Total pension liability - ending	$ 57,458,946	$ 56,724,629	$ 55,394,599	$ 54,920,791	$ 52,598,779	$ 48,119,159	$ 45,479,421	$ 44,336,806	$ 43,282,064	$ 41,628,557
Plan fiduciary net position										
Contributions - employer	$ 3,455,529	$ 3,357,299	$ 2,594,043	$ 2,551,437	$ 2,213,940	$ 1,525,024	$ 1,775,846	$ 1,608,967	$ 1,477,710	$ 1,149,992
Contributions - employee	55,859	61,949	66,054	257,746	85,467	92,163	101,006	101,742	111,720	158,580
Net investment income	5,720,610	2,866,398	1,638,221	(1,536,316)	4,419,677	3,875,792	2,310,083	335,193	3,383,628	1,825,377
Benefit payments, including refunds of member contributions	(3,585,643)	(3,482,423)	(3,412,858)	(3,346,814)	(3,100,956)	(2,987,121)	(2,767,443)	(2,556,950)	(2,287,670)	(2,184,386)
Administrative expense	(75,424)	(78,233)	(74,497)	(64,584)	(55,951)	(63,027)	(63,684)	(58,248)	(57,209)	(57,545)
Net transfers	-	-	-	-	-	-	-	-	42,151	(27,518)
Other Changes	(190,816)	128,437	(184,464)	-	(48,455)	48,448	-	-	-	-
Net change in plan fiduciary net position	5,380,115	2,853,427	626,499	(2,138,531)	3,513,722	2,491,279	1,355,808	(569,296)	2,670,330	864,500
Plan fiduciary net position - beginning	37,741,693	34,888,266	34,261,767	36,400,298	32,886,576	30,395,297	29,039,489	29,608,775	26,938,445	26,073,945
Plan fiduciary net position - ending	$ 43,121,808	$ 37,741,693	$ 34,888,266	$ 34,261,767	$ 36,400,298	$ 32,886,576	$ 30,395,297	$ 29,039,479	$ 29,608,775	$ 26,938,445
County's net pension liability - ending	$ 14,337,138	$ 18,982,936	$ 20,506,333	$ 20,659,024	$ 16,198,481	$ 15,232,583	$ 15,084,124	$ 15,297,327	$ 13,673,289	$ 14,690,112
Plan fiduciary net position as a percentage of the total pension liability	75%	67%	63%	62%	69%	68%	67%	65%	68%	65%
Covered - employee payroll	$ 7,261,179	$ 8,041,742	$ 7,742,846	$ 7,361,463	$ 7,781,699	$ 7,413,309	$ 7,579,553	$ 7,360,404	$ 7,575,339	$ 7,319,582
County's net pension liability as a percentage of covered-employee payroll	197%	236%	265%	281%	208%	205%	199%	208%	180%	201%

Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Contributions
For the Year Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 1,971,689	$ 2,223,742	$ 2,594,043	$ 2,551,437	$ 2,213,940	$ 1,525,024	$ 1,492,356	$ 1,454,196	$ 1,477,710	$ 1,149,992
Contributions in relation to the actuarially determined contribution	(3,455,529)	(3,357,299)	(2,594,043)	(2,551,437)	(2,213,940)	(1,525,024)	(1,775,846)	(1,608,967)	(1,477,710)	(1,149,992)
Contribution deficiency (excess)	$ (1,483,840)	$ (1,133,557)	$ -	$ -	$ -	$ -	$ (283,490)	$ (154,771)	$ -	$ -
Covered - employee payroll	$ 7,261,179	$ 8,041,742	$ 7,742,846	$ 7,361,463	$ 7,781,699	$ 7,413,309	$ 7,579,553	$ 7,360,404	$ 7,575,339	$ 7,319,582
Contributions as a percentage of covered-employee payroll	27%	28%	34%	35%	28%	21%	20%	20%	20%	16%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	6.93%, net of investment expenses including inflation
Retirement age	In the 2016 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience
Mortality	Pub-2010 General Employees and Healthy Retirees, head-count weighted, MP-2019 scale.

Required Supplementary Information
Employee Retirement and Benefit Systems
Schedule of Changes in the OPEB Liability and Related Ratios
Year Ended December 31, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability - Beginning of Year	$ 20,593,292	$ 19,194,331	$ 20,961,884	$ 22,560,053	$ 21,690,199	$ 19,924,142	$ 18,327,589	$ 17,987,754
Service cost	91,927	123,821	127,500	136,258	159,870	136,528	114,754	153,104
Interest	1,008,488	1,007,981	939,955	1,022,190	1,092,157	1,110,707	1,272,839	1,463,014
Assumption changes and differences between actual and expected experience	12,634	1,415,753	145,073	(249,034)	319,150	4,296,304	1,370,953	335,885
Effect of economic/demographic gains or losses			(1,890,597)	(1,398,313)	368,876	(2,769,944)	(73,939)	(505,929)
Benefit payments	(1,126,028)	(1,148,594)	(1,089,484)	(1,109,270)	(1,070,199)	(1,007,538)	(1,088,054)	(1,049,927)
Other	34,923	-	-	-	-	-	-	-
OPEB Liability - End of Year	$ 20,615,236	$ 20,593,292	$ 19,194,331	$ 20,961,884	$ 22,560,053	$ 21,690,199	$ 19,924,142	$ 18,383,901
Plan fiduciary net position								
Contributions - employer	$ 1,126,028	$ 4,083,302	$ 1,512,892	$ 1,488,603	$ 1,694,250	$ 1,804,222	$ 1,855,878	$ 1,684,225
Net investment income	1,430,156	919,057	1,281,805	(1,093,344)	2,261,452	1,701,352	1,710,877	1,081,405
Benefit payments	(1,126,028)	(1,148,594)	(1,036,180)	(977,263)	(943,959)	(1,023,959)	(1,049,412)	(1,017,435)
Administrative expense	(108,405)	(35,311)	(32,271)	(27,751)	(26,510)	(19,614)	(17,714)	(18,227)
Other Changes	697,036	-	-	-	-	-	94,555	-
Net change in plan fiduciary net position	2,018,787	3,818,454	1,726,246	(609,755)	2,985,233	2,462,001	2,594,184	1,729,968
Plan fiduciary net position - Beginning of Year	$ 21,171,838	$ 17,353,384	$ 15,627,138	$ 16,236,893	$ 13,251,660	$ 10,789,659	8,195,475	6,465,507
Plan fiduciary net position - End of Year	$ 23,190,625	$ 21,171,838	$ 17,353,384	$ 15,627,138	$ 16,236,893	$ 13,251,660	$ 10,789,659	$ 8,195,475
Net OPEB liability - End of Year	$ (2,575,389)	$ (578,546)	$ 1,840,947	$ 5,334,746	$ 6,323,160	$ 8,438,539	$ 9,134,483	$ 10,188,426
Plan fiduciary net position as a percentage of the total OPEB liability	112%	103%	90%	75%	72%	61%	54%	45%
Covered Payroll	$ 1,891,578	$ 2,155,753	$ 2,383,429	$ 2,396,099	$ 2,949,439	$ 2,797,300	$ 2,891,706	$ 3,646,510
Net OPEB liability as a percentage of covered payroll	-136.15%	-26.84%	77.24%	222.64%	214.39%	301.67%	315.89%	279.40%
Schedule of Employer Contributions								
Service cost	$ 96,524	$ 130,013	$ 133,876	$ 136,258	$ 159,870	$ 136,528	$ 114,754	$ 153,104
25 year amortization of NOL at 5.0%	(186,641)	(45,788)	124,044	358,445	492,903	1,411,937	1,630,679	1,671,807
Actuarially determined contribution	(90,117)	84,225	257,920	494,703	652,773	1,548,465	1,745,433	1,824,911
Actual Contribution	1,126,028	1,280,315	1,089,484	1,062,290	1,694,250	1,804,222	1,855,878	1,066,331
Contribution deficiency/(excess)	$ (1,216,145)	$ (1,196,090)	$ (831,564)	$ (567,587)	$ (1,041,477)	$ (255,757)	$ (110,445)	$ 758,580
Covered Payroll	$ 1,891,578	$ 2,155,753	$ 2,383,429	$ 2,396,099	$ 2,949,439	$ 2,797,300	$ 2,891,706	$ 3,646,510
ADC as a percentage of payroll	-104.76%	3.91%	10.82%	20.65%	22.13%	55.36%	60.36%	50.05%

Note: The above schedule represents the Net OPEB Liability on the basic financial statements as of the respective year ends. These numbers include all of the primary government funds which includes the Health Department which has OPEB information that is presented as of one year behind the date of the statements.

Other changes in fiscal year 2025 represent the change in beginning OPEB liability and fiduciary net position due to the Health Departments change of fiscal year of from September 30 to December 31.

Key Assumptions:

Census Collection Date	January 1, 2024
Discount rate	5.00%
Year 1 pre 65 / post 65 inflation rates / RX	7.50%/5.75%
Year 2 inflation rate	7.25%/5.50%
Ultimate inflation rate	4.50%
Year Ultimate inflation rate is reached	2037/2030
Actuarial Cost Method	Entry age normal (percent of salary)
Salary Increase	3.65%

Mortality rates were based Pub-2010 General Employees Headcount-Weighted Mortality fully generational using Scale MP-2021, and Pub-2010 General Retirees Headcount-Weighted Mortality fully generational using Scale MP-2020.

Significant Changes for the Previous Actuarial Valuation:

- The retirement and withdrawal tables were updated to reflect the rates from the Summary of Plan Provisions, Actuarial Assumptions, and Actuarial Funding Method as of December 31, 2024 for MERS.
- The payroll growth rate increased to 3.65% based on the Public Act 202: Selection of the Uniform Assumptions for Fiscal Year 2025

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES:				
Taxes	$ 9,231,078	$ 9,231,078	$ 9,464,177	$ 233,099
Licenses and Permits	40,000	40,000	31,153	(8,847)
Federal Sources	857,984	857,984	840,584	(17,400)
State Sources	2,248,680	2,328,052	2,384,573	56,521
Local Sources	72,500	72,500	72,500	-
Charges for Services	1,487,150	1,487,150	2,148,466	661,316
Interest and Rentals	350,000	350,000	582,859	232,859
Fines and Forfeitures	79,500	79,500	118,022	38,522
Other Revenue	815,500	923,790	964,515	40,725
TOTAL REVENUES	15,182,392	15,370,054	16,606,849	1,236,795
EXPENDITURES:				
Judicial:				
Juvenile Court	381,707	441,707	413,007	28,700
Circuit Court	514,249	691,349	668,631	22,718
District Court	679,162	772,162	766,991	5,171
Friend of the Court	607,228	744,628	723,308	21,320
Jury Board	15,500	15,500	12,632	2,868
Prosecuting Attorney	796,710	967,810	839,152	128,658
Probate Court	433,594	443,994	435,060	8,934
Crime Victim Advocate	129,048	193,548	188,638	4,910
Total Judicial	3,557,197	4,270,697	4,047,419	223,278
General Government:				
Legislative				
Board of Commissioners	71,862	80,862	76,464	4,398
Chief Executive				
Administrator	350,090	422,890	403,832	19,058
Financial and Tax Administration				
Cost Allocation Plan	5,000	5,000	5,000	-
County Clerk	285,509	312,936	306,326	6,610
Audit	25,900	25,900	25,900	-
Information Systems	509,004	545,504	513,750	31,754
Remonumentation	133,816	133,816	133,816	-
Treasurer	361,872	499,065	485,746	13,319
Equalization	328,438	392,938	385,779	7,159
Employee Benefits	696,327	696,327	643,604	52,723
Miscellaneous	123,500	123,500	123,016	484
Other General Government				
Elections	25,600	25,600	23,726	1,874
Buildings and Grounds	398,637	532,337	330,821	201,516
County Attorney	20,000	285,000	51,963	233,037
Insurance	365,000	365,000	348,323	16,677
Township PILT Appropriation	30,000	30,000	30,000	-
Total General Government	3,730,555	4,476,675	3,888,066	588,609
Public Safety:				
Sheriff	1,817,977	2,213,463	2,212,000	1,463
Bailiff	205,089	205,089	199,223	5,866
Marine	12,100	17,940	13,998	3,942
Correctional Facility	3,155,246	3,681,609	3,681,609	-
Trident Task Force	107,871	113,871	108,053	5,818
Snowmobile Patrol Grant	18,998	18,998	15,579	3,419
O.R.V. Grant	49,130	49,130	27,610	21,520
Animal Control	344,478	417,378	390,351	27,027
Total Public Safety	5,710,889	6,717,478	6,648,423	69,055

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Public Works				
Soil Conservation District Appropriation	36,000	36,000	36,000	-
Rural Bus Appropriation	30,000	30,000	30,000	-
Drain Commission	1,079	1,179	1,080	99
Total Public Works	67,079	67,179	67,080	99
Health and Welfare:				
Health Department Appropriation	204,000	204,000	204,000	-
Substance Abuse Appropriation	94,263	94,263	85,647	8,616
Medical Examiner	117,991	117,991	84,425	33,566
Mental Health Appropriation	171,334	171,334	171,334	-
Veterans Affairs	74,357	74,357	69,812	4,545
Total Health and Welfare	661,945	661,945	615,218	46,727
Community and Economic Development				
Cooperative Extension	155,529	214,029	207,476	6,553
Register of Deeds	258,216	353,216	330,095	23,121
Surveyor	21,465	21,465	20,222	1,243
Plat Book	5,000	5,000	-	5,000
GIS Mapping	28,000	28,000	28,000	-
Regional Planning Commission Appropriation	28,750	38,750	38,576	174
Economic Development Appropriation	50,000	50,000	50,000	-
Total Community and Economic Development	546,961	710,461	674,369	36,092
Capital Outlay:				
General Government	431,295	451,295	317,464	133,831
Total Capital Outlay	431,295	451,295	317,464	133,831
TOTAL EXPENDITURES	14,705,921	17,355,730	16,258,039	1,097,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	476,471	(1,985,676)	348,810	2,334,486
OTHER FINANCING SOURCES (USES):				
Transfers In	925,097	1,176,197	1,184,136	7,939
Transfers Out	(723,461)	(1,079,461)	(1,024,296)	55,165
TOTAL OTHER FINANCING SOURCES (USES)	201,636	96,736	159,840	63,104
NET CHANGE IN FUND BALANCE	$ 678,107	$ (1,888,940)	508,650	$ 2,397,590
FUND BALANCE BEGINNING OF YEAR			8,784,420	
FUND BALANCE END OF YEAR			$ 9,293,070	

Required Supplementary Information
Budgetary Comparison Schedule
Health Department
Fifteen Months Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Federal Sources	$ -	$ -	$ 988,389	$ 988,389
State Sources	3,232,607	3,232,607	1,260,564	(1,972,043)
Local Sources	1,183,821	1,183,821	836,430	(347,391)
Charges for Services	1,628,566	1,628,566	1,779,140	150,574
Interest and Rentals	-	-	650	650
Other Revenue	-	-	43,918	43,918
TOTAL REVENUES	6,044,994	6,044,994	4,909,091	(1,135,903)
EXPENDITURES:				
Health and Welfare	5,876,960	5,876,960	4,786,153	1,090,807
Capital Outlay	166,740	166,740	177,401	(10,661)
TOTAL EXPENDITURES	6,043,700	6,043,700	4,963,554	1,080,146
NET CHANGE IN FUND BALANCES	$ 1,294	$ 1,294	(54,463)	$ (55,757)
FUND BALANCE, OCTOBER 1,			348,981	
FUND BALANCE, DECEMBER 31			$ 294,518	

Required Supplementary Information
Budgetary Comparison Schedule
Ambulance
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	607,648	607,648	605,636	$ (2,012)
State Sources	2,000	2,000	1,783	(217)
TOTAL REVENUES	609,648	609,648	607,419	(2,229)
EXPENDITURES:				
Health and Welfare	396,271	396,271	394,821	1,450
TOTAL EXPENDITURES	396,271	396,271	394,821	1,450
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	213,377	213,377	212,598	(779)
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	-	(212,598)	(212,598)
NET CHANGE IN FUND BALANCES	$ 213,377	$ 213,377	-	$ (213,377)
FUND BALANCES BEGINNING OF YEAR			-	
FUND BALANCES END OF YEAR			$ -	

Required Supplementary Information
Budgetary Comparison Schedule
Senior Nutrition Program
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	1,059,825	1,059,825	1,056,503	$ (3,322)
State Sources	5,500	5,500	9,581	4,081
TOTAL REVENUES	1,065,325	1,065,325	1,066,084	759
EXPENDITURES:				
Health and Welfare	1,065,325	1,065,325	1,065,325	-
TOTAL EXPENDITURES	1,065,325	1,065,325	1,065,325	-
NET CHANGE IN FUND BALANCES	$ -	$ -	759	$ 759
FUND BALANCES BEGINNING OF YEAR			244,266	
FUND BALANCES END OF YEAR			$ 245,025	

Required Supplementary Information
Budgetary Comparison Schedule
Chippewa County Recycling
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
REVENUES:				
Taxes	710,727	710,727	709,391	$ (1,336)
State Sources	3,000	3,000	6,425	3,425
TOTAL REVENUES	713,727	713,727	715,816	2,089
EXPENDITURES:				
Public Works	763,698	830,000	830,000	-
TOTAL EXPENDITURES	763,698	830,000	830,000	-
NET CHANGE IN FUND BALANCES	$ (49,971)	$ (116,273)	(114,184)	$ 2,089
FUND BALANCES BEGINNING OF YEAR			547,894	
FUND BALANCES END OF YEAR			$ 433,710	

Supplementary Information

Supplementary Information
Combining Balance Sheet
General Funds
December 31, 2025

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Payroll Revolving Service	Totals
ASSETS:							
Cash and Investments - Unrestricted	$ 7,346,415	$ -	$ 5,002	$ 3,063	$ 1,785	$ -	$ 7,356,265
Receivables:							
Accounts	13,679	-	-	-	-	2,718	16,397
Taxes	703,883	-	-	-	-	-	703,883
Interest	9,050	-	-	-	-	-	9,050
Due from Other Funds	565,057	-	-	-	-	-	565,057
Due from Governmental Units	813,470	-	-	-	-	-	813,470
Prepaid Items	200,554	-	-	-	-	-	200,554
TOTAL ASSETS	$ 9,652,108	$ -	$ 5,002	$ 3,063	$ 1,785	$ 2,718	$ 9,664,676
LIABILITIES:							
Due to Other Funds	$ -	$ -	$ -	$ -	$ -	$ 2,049	$ 2,049
Accounts Payable	139,863	-	-	-	-	669	140,532
Due to Governmental Units	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-
Accrued Liabilities	225,962	-	-	3,063	-	-	229,025
TOTAL LIABILITIES	365,825	-	-	3,063	-	2,718	371,606
FUND BALANCES:							
Nonspendable	200,554	-	-	-	-	-	200,554
Assigned	-	-	5,002	-	1,785	-	6,787
Unassigned	9,085,729	-	-	-	-	-	9,085,729
TOTAL FUND BALANCES	9,286,283	-	5,002	-	1,785	-	9,293,070
TOTAL LIABILITIES AND FUND BALANCES	$ 9,652,108	$ -	$ 5,002	$ 3,063	$ 1,785	$ 2,718	$ 9,664,676

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Funds
For the Year Ended December 31, 2025

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Payroll Revolving Service	Totals
REVENUES:							
Taxes	9,464,177	$ -	$ -	$ -	$ -	$ -	$ 9,464,177
Licenses and Permits	31,153	-	-	-	-	-	31,153
Federal Sources	840,584	-	-	-	-	-	840,584
State Sources	2,384,573	-	-	-	-	-	2,384,573
Local Sources	72,500	-	-	-	-	-	72,500
Charges for Services	2,148,292	174	-	-	-	-	2,148,466
Interest and Rentals	582,859	-	-	-	-	-	582,859
Fines and Forfeitures	118,022	-	-	-	-	-	118,022
Other Revenue	963,515	-	1,000	-	-	-	964,515
TOTAL REVENUES	16,605,675	174	1,000	-	-	-	16,606,849
EXPENDITURES:							
Judicial	4,047,419	-	-	-	-	-	4,047,419
General Government	3,887,204	862	-	-	-	-	3,888,066
Public Safety	6,539,399	-	971	108,053	-	-	6,648,423
Public Works	67,080	-	-	-	-	-	67,080
Health and Welfare	615,218	-	-	-	-	-	615,218
Community and Economic Development	674,369	-	-	-	-	-	674,369
Capital Outlay	317,464	-	-	-	-	-	317,464
TOTAL EXPENDITURES	16,148,153	862	971	108,053	-	-	16,258,039
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	457,522	(688)	29	(108,053)	-	-	348,810
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	1,075,395	688	-	108,053	-	-	1,184,136
Operating Transfers Out	(1,024,296)	-	-	-	-	-	(1,024,296)
TOTAL OTHER FINANCING SOURCES (USES)	51,099	688	-	108,053	-	-	159,840
NET CHANGE IN FUND BALANCES	508,621	-	29	-	-	-	508,650
FUND BALANCES BEGINNING OF YEAR	8,777,662	-	4,973	-	1,785	-	8,784,420
FUND BALANCES END OF YEAR	$ 9,286,283	$ -	$ 5,002	$ -	$ 1,785	$ -	$ 9,293,070

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds							
	Sheriff Park Patrol	Office of Emergency Services	Emergency Preparedness Grant	911 State Training	FOC Child Support	Community Service	Operation Stonegarden	Mental Health Court
ASSETS:								
Cash and Investments - Unrestricted	$ 6,808	$ 271,673	$ 9,771	$ 10,108	$ 268,742	$ 23,006	$ -	$ -
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	5,000	-	-	-	-	-	-
Due from Governmental Units	-	155	-	-	-	-	79,064	24,932
Prepaid Items	-	1,619	-	-	-	-	-	-
TOTAL ASSETS	$ 6,808	$ 278,447	$ 9,771	$ 10,108	$ 268,742	$ 23,006	$ 79,064	$ 24,932
LIABILITIES:								
Due to Other Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 66,860	$ 1,228
Accounts Payable	-	3,432	-	1,710	-	99	12,204	8,798
Accrued Liabilities	-	2,233	-	-	-	410	-	-
Due to Governmental Units	-	5,916	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	11,581	-	1,710	-	509	79,064	10,026
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	1,619	-	-	-	-	-	-
Restricted	-	265,247	9,771	8,398	-	-	-	14,906
Committed	-	-	-	-	-	-	-	-
Assigned	6,808	-	-	-	268,742	22,497	-	-
TOTAL FUND BALANCES	6,808	266,866	9,771	8,398	268,742	22,497	-	14,906
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 6,808	$ 278,447	$ 9,771	$ 10,108	$ 268,742	$ 23,006	$ 79,064	$ 24,932

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds							
	Correctional Facility Maintenance	Office of Community Correction	Elections Information	First Responder Grant	School Resource Officer	Sheriff CPE Pilot Program	Construction Code	50th Circuit Court
ASSETS:								
Cash and Investments - Unrestricted	$ -	$ 459,924	$ 2,600	$ -	$ 343,904	$ 35,992	$ 747	$ 130,420
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	97,500	-	-	-
Prepaid Items	-	73,097	-	-	244	-	-	-
TOTAL ASSETS	$ -	$ 533,021	$ 2,600	$ -	$ 441,648	$ 35,992	$ 747	$ 130,420
LIABILITIES:								
Due to Other Funds	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Accounts Payable	-	10,392	-	-	979	-	55	39
Accrued Liabilities	-	2,101	-	-	3,668	-	692	-
Due to Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	12,493	-	-	4,647	-	747	39
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	73,097	-	-	244	-	-	-
Restricted	-	-	2,600	-	436,757	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	447,431	-	-	-	35,992	-	130,381
TOTAL FUND BALANCES	-	520,528	2,600	-	437,001	35,992	-	130,381
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ -	$ 533,021	$ 2,600	$ -	$ 441,648	$ 35,992	$ 747	$ 130,420

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds							
	Drug Court	Opioid Settlement	Register of Deeds Automation	Drug Forfeiture	CCSD Salvage Vehicle	MIDC Indigent Defense	Emergency Telephone System	Concealed Weapons
ASSETS:								
Cash and Investments - Unrestricted	$ -	$ 526,007	$ 223,228	$ 27,504	$ 4,317	$ 487,089	$ -	$ 173,164
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	4,507	-	-	-	-	-	191,124	-
Due from Governmental Units	16,215	-	-	-	-	11,901	51,292	-
Prepaid Items	-	-	528	-	-	-	22,016	-
TOTAL ASSETS	$ 20,722	$ 526,007	$ 223,756	$ 27,504	$ 4,317	$ 498,990	$ 264,432	$ 173,164
LIABILITIES:								
Due to Other Funds	$ 15,955	$ -	$ -	$ -	$ -	$ -	$ 160,300	$ -
Accounts Payable	1,124	-	982	2,583	-	11,473	3,414	-
Accrued Liabilities	-	-	-	-	-	-	24,329	83
Due to Governmental Units	-	-	-	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	487,517	-	-
TOTAL LIABILITIES	17,079	-	982	2,583	-	498,990	188,043	83
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	528	-	-	-	22,016	-
Restricted	-	526,007	222,246	-	-	-	54,373	173,081
Committed	-	-	-	-	-	-	-	-
Assigned	3,643	-	-	24,921	4,317	-	-	-
TOTAL FUND BALANCES	3,643	526,007	222,774	24,921	4,317	-	76,389	173,081
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 20,722	$ 526,007	$ 223,756	$ 27,504	$ 4,317	$ 498,990	$ 264,432	$ 173,164

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds							
	Local Corrections Officer's Training	Law Library	Secondary Road Patrol	Road Patrol Overtime	Sheriff Law Enforcement Training	Sheriff Search & Rescue	Sheriff Mental Health	Highway Safety
ASSETS:								
Cash and Investments - Unrestricted	$ 7,721	$ -	$ -	$ 23,276	$ 12,148	$ 2,850	$ 2,373	$ -
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	27,494	14,525	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 7,721	$ -	$ 27,494	$ 37,801	$ 12,148	$ 2,850	$ 2,373	$ -
LIABILITIES:								
Due to Other Funds	$ -	$ -	$ 19,326	$ -	$ -	$ -	$ -	$ -
Accounts Payable	-	-	-	37	-	-	-	-
Accrued Liabilities	-	-	3,516	989	-	-	-	-
Due to Governmental Units	-	-	4,652	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	-	27,494	1,026	-	-	-	-
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	12,148	2,850	2,373	-
Committed	-	-	-	-	-	-	-	-
Assigned	7,721	-	-	36,775	-	-	-	-
TOTAL FUND BALANCES	7,721	-	-	36,775	12,148	2,850	2,373	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 7,721	$ -	$ 27,494	$ 37,801	$ 12,148	$ 2,850	$ 2,373	$ -

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds							
	Animal Control Millage	Animal Shelter Donations	K-9 Fund	Chippewa County DHS Appropriation	Probate Child Care	Veteran's Trust	HUD Grant	Family Counseling
ASSETS:								
Cash and Investments - Unrestricted	$ 121,686	$ 57,910	$ 50	$ 5,434	$ -	$ -	$ 34,446	$ 135
Taxes Receivable	256,376	-	-	-	-	-	-	-
Accounts Receivable	-	2,377	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	14,926	-	-	-
Prepaid Items	-	-	-	940	-	-	-	-
TOTAL ASSETS	$ 378,062	$ 60,287	$ 50	$ 6,374	$ 14,926	$ -	$ 34,446	$ 135
LIABILITIES:								
Due to Other Funds	$ -	$ -	$ -	$ -	$ 2,518	$ -	$ -	$ -
Accounts Payable	13,708	-	-	5,434	-	-	-	-
Accrued Liabilities	-	-	-	-	591	-	-	-
Due to Governmental Units	616	-	-	-	11,817	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	14,324	-	-	5,434	14,926	-	-	-
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	256,376	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	940	-	-	-	-
Restricted	107,362	60,287	50	-	-	-	34,446	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	135
TOTAL FUND BALANCES	107,362	60,287	50	940	-	-	34,446	135
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 378,062	$ 60,287	$ 50	$ 6,374	$ 14,926	$ -	$ 34,446	$ 135

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Debt Service Fund	Capital Project Fund	
	2013 Refunding Debt	Hakola-Ross Drainage	Totals
ASSETS:			
Cash and Investments - Unrestricted	$ -	$ 7,503	$ 3,280,536
Taxes Receivable	-	-	256,376
Accounts Receivable	-	-	203,008
Due from Governmental Units	-	-	338,004
Prepaid Items	-	-	98,444
TOTAL ASSETS	$ -	$ 7,503	$ 4,176,368
LIABILITIES:			
Due to Other Funds	$ -	$ -	$ 266,187
Accounts Payable	-	-	76,463
Accrued Liabilities	-	-	38,612
Due to Governmental Units	-	-	23,001
Unearned Revenues	-	-	487,517
TOTAL LIABILITIES	-	-	891,780
DEFERRED INFLOWS OF RESOURCES:			
Taxes Levied for a Subsequent Period	-	-	256,376
FUND BALANCES:			
Nonspendable	-	-	98,444
Restricted	-	-	1,932,902
Committed	-	7,503	7,503
Assigned	-	-	989,363
TOTAL FUND BALANCES	-	7,503	3,028,212
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ -	$ 7,503	$ 4,176,368

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds							
	Sheriff Park Patrol	Office of Emergency Services	Emergency Preparedness Grant	911 State Training	FOC Child Support	Community Service	Operation Stonegarden	Mental Health Court
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Sources	-	25,329	-	-	-	-	145,346	-
State Sources	1,117	-	-	13,376	18,293	-	-	100,386
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	1,120	-	-	4,259
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	4,965	-	-	-	40,492	-	-
TOTAL REVENUES	1,117	30,294	-	13,376	19,413	40,492	145,346	104,645
EXPENDITURES:								
Judicial	-	-	-	-	4,275	-	-	102,178
General Government	-	-	-	-	-	-	-	-
Public Safety	1,430	250,193	-	15,342	-	-	77,057	-
Public Works	-	-	-	-	-	35,459	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	68,289	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,430	250,193	-	15,342	4,275	35,459	145,346	102,178
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(313)	(219,899)	-	(1,966)	15,138	5,033	-	2,467
OTHER FINANCING SOURCES (USES):								
Transfers In	-	222,543	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	222,543	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(313)	2,644	-	(1,966)	15,138	5,033	-	2,467
FUND BALANCES BEGINNING OF YEAR	7,121	264,222	9,771	10,364	253,604	17,464	-	12,439
FUND BALANCES END OF YEAR	$ 6,808	$ 266,866	$ 9,771	$ 8,398	$ 268,742	$ 22,497	$ -	$ 14,906

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds							
	Correctional Facility Maintenance	Office of Community Correction	Elections Information	First Responder Grant	School Resource Officer	Sheriff CPE Pilot Program	Construction Code	50th Circuit Court
REVENUES:								
Taxes	$ 7	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	-	63,472	-	3,388	-	20,000	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	-	284,121	300	-	-	-	171,215	17,607
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	1,213	-	-	97,675	-	537	-
TOTAL REVENUES	7	348,806	300	3,388	97,675	20,000	171,752	17,607
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	4,727
General Government	-	-	-	-	-	-	-	-
Public Safety	50,809	240,209	-	3,388	69,126	8,860	78,532	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Capital Outlay	27,811	6,887	-	-	24,000	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	78,620	247,096	-	3,388	93,126	8,860	78,532	4,727
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(78,613)	101,710	300	-	4,549	11,140	93,220	12,880
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	200,000	-	-	-
Transfers Out	-	(42,000)	-	-	-	-	(93,220)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(42,000)	-	-	200,000	-	(93,220)	-
NET CHANGE IN FUND BALANCES	(78,613)	59,710	300	-	204,549	11,140	-	12,880
FUND BALANCES BEGINNING OF YEAR	78,613	460,818	2,300	-	232,452	24,852	-	117,501
FUND BALANCES END OF YEAR	$ -	$ 520,528	$ 2,600	$ -	$ 437,001	$ 35,992	$ -	$ 130,381

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds							
	Drug Court	Opioid Settlement	Register of Deeds Automation	Drug Forfeiture	CCSD Salvage Vehicle	MIDC Indigent Defense	Emergency Telephone System	Concealed Weapons
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Sources	-	-	-	-	-	-	-	-
State Sources	63,139	-	-	-	-	530,714	178,215	-
Local Sources	-	-	-	-	-	-	233,693	-
Charges for Services	5,821	-	40,680	-	600	-	801,317	28,318
Interest and Rentals	-	-	-	-	-	19,579	1,273	-
Other Revenue	30,534	102,065	-	24,619	-	583	5,000	-
TOTAL REVENUES	99,494	102,065	40,680	24,619	600	550,876	1,219,498	28,318
EXPENDITURES:								
Judicial	102,318	-	-	-	-	796,179	-	-
General Government	-	-	25,021	-	-	-	-	-
Public Safety	-	-	-	20,319	1,364	-	1,336,856	1,340
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	32,441	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	55,064	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	102,318	32,441	25,021	20,319	1,364	796,179	1,391,920	1,340
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(2,824)	69,624	15,659	4,300	(764)	(245,303)	(172,422)	26,978
OTHER FINANCING SOURCES (USES):								
Transfers In	5,442	-	-	-	-	245,303	29,838	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	5,442	-	-	-	-	245,303	29,838	-
NET CHANGE IN FUND BALANCES	2,618	69,624	15,659	4,300	(764)	-	(142,584)	26,978
FUND BALANCES BEGINNING OF YEAR	1,025	456,383	207,115	20,621	5,081	-	218,973	146,103
FUND BALANCES END OF YEAR	$ 3,643	$ 526,007	$ 222,774	$ 24,921	$ 4,317	$ -	$ 76,389	$ 173,081

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds							
	Local Corrections Officer's Training	Law Library	Secondary Road Patrol	Road Patrol Overtime	Sheriff Law Enforcement Training	Sheriff Search & Rescue	Sheriff Mental Health	Highway Safety
REVENUES:								
Taxes	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Sources	-	-	-	-	-	-	-	5,847
State Sources	-	-	96,287	63,420	7,667	2,500	-	-
Local Sources	-	-	-	-	-	-	-	-
Charges for Services	7,151	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	4,500	-	-	-	-	-	-
TOTAL REVENUES	7,151	4,500	96,287	63,420	7,667	2,500	-	5,847
EXPENDITURES:								
Judicial	-	5,424	-	-	-	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	13,710	-	96,287	45,469	7,394	-	-	5,847
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	12,543	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	13,710	5,424	96,287	58,012	7,394	-	-	5,847
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(6,559)	(924)	-	5,408	273	2,500	-	-
OTHER FINANCING SOURCES (USES):								
Transfers In	-	924	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	924	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	(6,559)	-	-	5,408	273	2,500	-	-
FUND BALANCES BEGINNING OF YEAR	14,280	-	-	31,367	11,875	350	2,373	-
FUND BALANCES END OF YEAR	$ 7,721	$ -	$ -	$ 36,775	$ 12,148	$ 2,850	$ 2,373	$ -

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds							
	Animal Control Millage	Animal Shelter Donations	K-9 Fund	Chippewa County DHS Appropriation	Probate Child Care	Veteran's Trust	HUD Grant	Family Counseling
REVENUES:								
Taxes	$ 140,649	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Sources	-	-	-	-	-	-	62,842	-
State Sources	1,278	-	-	-	274,875	42,047	-	-
Local Sources	-	-	-	-	7,500	-	-	-
Charges for Services	-	-	-	-	-	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	60,361	-	-	-	100	-	2,805
TOTAL REVENUES	141,927	60,361	-	-	282,375	42,147	62,842	2,805
EXPENDITURES:								
Judicial	-	-	-	-	714,281	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	214,712	74	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	20,050	-	42,147	-	2,835
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	214,712	74	-	20,050	714,281	42,147	-	2,835
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(72,785)	60,287	-	(20,050)	(431,906)	-	62,842	(30)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	20,050	443,838	-	-	-
Transfers Out	-	-	-	-	(11,932)	-	(28,396)	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	20,050	431,906	-	(28,396)	-
NET CHANGE IN FUND BALANCES	(72,785)	60,287	-	-	-	-	34,446	(30)
FUND BALANCES BEGINNING OF YEAR	180,147	-	50	940	-	-	-	165
FUND BALANCES END OF YEAR	$ 107,362	$ 60,287	$ 50	$ 940	$ -	$ -	$ 34,446	$ 135

Supplementary Information
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Debt Service Fund	Capital Project Fund	
	2013 Refunding Debt	Hakola-Ross Drainage	Totals
REVENUES:			
Taxes	$ -	$ -	$ 140,656
Federal Sources	-	-	239,364
State Sources	-	-	1,480,174
Local Sources	620,200	-	861,393
Charges for Services	-	-	1,362,509
Interest and Rentals	-	-	20,852
Other Revenue	-	-	375,449
TOTAL REVENUES	620,200	-	4,480,397
EXPENDITURES:			
Judicial	-	-	1,729,382
General Government	-	-	25,021
Public Safety	-	-	2,538,318
Public Works	-	-	35,459
Health and Welfare	-	-	97,473
Capital Outlay	-	-	194,594
Debt Service	620,200	-	620,200
TOTAL EXPENDITURES	620,200	-	5,240,447
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	-	(760,050)
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	1,167,938
Transfers Out	-	-	(175,548)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	992,390
NET CHANGE IN FUND BALANCES	-	-	232,340
FUND BALANCES BEGINNING OF YEAR	-	7,503	2,795,872
FUND BALANCES END OF YEAR	$ -	$ 7,503	$ 3,028,212

Supplementary Information
Combining Statement of Net Position
Major Tax Collection Enterprise Fund
December 31, 2025

	2022 Tax Revolving	2023 Tax Revolving	2024 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
ASSETS:						
Cash and Investments - Unrestricted	$ 2,463,854	$ 284,770	$ 2,341,207	$ 5,663,147	$ 37,924	$ 10,790,902
Taxes Receivable	2,171	279,747	1,240,207	35,033	-	1,557,158
Accrued Interest Receivable	-	92,317	124,021	26,562	-	242,900
Prepaid	-	-	-	-	-	-
TOTAL ASSETS	$ 2,466,025	$ 656,834	$ 3,705,435	$ 5,724,742	$ 37,924	$ 12,590,960
LIABILITIES:						
Due to Governmental Units	$ 5,910	$ 5,520	$ 577	$ 277,880	$ -	$ 289,887
TOTAL LIABILITIES	5,910	5,520	577	277,880	-	289,887
NET POSITION:						
Unrestricted	2,460,115	651,314	3,704,858	5,446,862	37,924	12,301,073
TOTAL NET POSITION	2,460,115	651,314	3,704,858	5,446,862	37,924	12,301,073
TOTAL LIABILITIES AND NET POSITION	$ 2,466,025	$ 656,834	$ 3,705,435	$ 5,724,742	$ 37,924	$ 12,590,960

Supplementary Information

Combining Statement of Revenues, Expenses, and Changes in Net Position - Major Tax Collection Enterprise Fund

For the Year Ended December 31, 2025

	2022 Tax Revolving	2023 Tax Revolving	2024 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
OPERATING REVENUES:						
Charges for Services	$ 39,455	$ 72,338	$ 109,441	$ 322	$ -	$ 221,556
Penalties and Interest Charges	14,555	130,055	233,829	4,274	-	382,713
TOTAL OPERATING REVENUES	54,010	202,393	343,270	4,596	-	604,269
OPERATING EXPENSES:						
Other Supplies and Expenses	35,317	1,062	-	3,043	869	40,291
Total Operating Expenses	35,317	1,062	-	3,043	869	40,291
OPERATING INCOME (LOSS)	18,693	201,331	343,270	1,553	(869)	563,978
NON-OPERATING REVENUES (EXPENSES):						
Interest on Deposits	79,037	-	-	228,637	-	307,674
Total Non-operating Revenues (Expenses)	79,037	-	-	228,637	-	307,674
INCOME (LOSS) BEFORE TRANSFERS	97,730	201,331	343,270	230,190	(869)	871,652
Transfers In	-	500,000	3,934,643	573,055	-	5,007,698
Transfers Out	(1,203,758)	(3,230,885)	(573,055)	(906,309)	-	(5,914,007)
CHANGES IN NET POSITION	(1,106,028)	(2,529,554)	3,704,858	(103,064)	(869)	(34,657)
NET POSITION BEGINNING OF YEAR	3,566,143	3,180,868		5,549,926	38,793	12,335,730
NET POSITION END OF YEAR	$ 2,460,115	$ 651,314	$ 3,704,858	$ 5,446,862	$ 37,924	$ 12,301,073

Supplementary Information
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2025

	State Education Tax Parcel Fee	Prior Years Tax Foreclosure	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	2018 Tax Foreclosure	2019 Tax Foreclosure	2020 Tax Foreclosure	2021 Tax Foreclosure	2022 Tax Foreclosure	Homestead Tax	Sheriff Commissary	Totals
ASSETS:													
Cash and Investments - Unrestricted	$ 3,033	$ 287	$ 137,272	$ 101,565	$ 136,863	$ 138,937	$ 161,026	$ 186,733	$ 223,501	$ 499,306	$ 15,607	$ 19,224	$ 1,623,354
TOTAL ASSETS	$ 3,033	$ 287	$ 137,272	$ 101,565	$ 136,863	$ 138,937	$ 161,026	$ 186,733	$ 223,501	$ 499,306	$ 15,607	$ 19,224	$ 1,623,354
LIABILITIES:													
Due to Governmental Units	$ -	$ -	$ -	$ -	$ -	$ -		$ 12	$ -	$ -	$ 15,607	$ -	$ 15,619
TOTAL LIABILITIES	-	-	-	-	-	-	-	12	-	-	15,607	-	15,619
NET POSITION:													
Unrestricted	3,033	287	137,272	101,565	136,863	138,937	161,026	186,721	223,501	499,306	-	19,224	1,607,735
TOTAL NET POSITION	$ 3,033	$ 287	$ 137,272	$ 101,565	$ 136,863	$ 138,937	$ 161,026	$ 186,721	$ 223,501	$ 499,306	$ -	$ 19,224	$ 1,607,735

Supplementary Information
Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2025

	State Education Tax Parcel Fee	Prior Years Tax Foreclosure	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	2018 Tax Foreclosure	2019 Tax Foreclosure	2020 Tax Foreclosure	2021 Tax Foreclosure	2022 Tax Foreclosure	Homestead Tax	Sheriff Commissary	Totals
OPERATING REVENUES:													
Charges for Service	$ -	$ 3,350	$ -	$ -	$ -	$ -	$ 3	$ -		$ 509,457	$ -	$ 331,209	$ 844,019
Penalties and Interest Charges	3,312	-	-	-	-	-	41	-	-	-	-	-	3,353
TOTAL OPERATING REVENUES	3,312	3,350	-	-	-	-	44	-	-	509,457	-	331,209	847,372
OPERATING EXPENSES:													
Other Supplies and Expenses	278	3,063	-	40,906	19,208	-	62	4,135	111,384	10,151	-	304,629	493,816
TOTAL OPERATING EXPENSES	278	3,063	-	40,906	19,208	-	62	4,135	111,384	10,151	-	304,629	493,816
OPERATING INCOME (LOSS)	3,034	287	-	(40,906)	(19,208)	-	(18)	(4,135)	(111,384)	499,306	-	26,580	353,556
INCOME (LOSS) BEFORE TRANSFERS	3,034	287	-	(40,906)	(19,208)	-	(18)	(4,135)	(111,384)	499,306	-	26,580	353,556
Transfers Out	(8,323)	-	-	-	-	-	-	-	-	-	-	(25,000)	(33,323)
CHANGES IN NET POSITION	(5,289)	287	-	(40,906)	(19,208)	-	(18)	(4,135)	(111,384)	499,306	-	1,580	320,233
NET POSITION BEGINNING OF YEAR	8,322	-	137,272	142,471	156,071	138,937	161,044	190,856	334,885	-	-	17,644	1,287,502
NET POSITION END OF YEAR	$ 3,033	$ 287	$ 137,272	$ 101,565	$ 136,863	$ 138,937	$ 161,026	$ 186,721	$ 223,501	$ 499,306	$ -	$ 19,224	$ 1,607,735

Supplementary Information
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2025

	State Education Tax Parcel Fee	Prior Years Tax Foreclosure	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	2018 Tax Foreclosure	2019 Tax Foreclosure	2020 Tax Foreclosure	2021 Tax Foreclosure	2022 Tax Foreclosure	Homestead Tax	Sheriff Commissary	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:													
Receipts from Customers	$ 3,312	$ 3,350	$ -	$ -	$ -	$ -	$ 44	$ -	$ -	$ 509,457	$ -	$ 331,209	$ 847,372
Payments to Suppliers	(278)	(3,063)	-	(40,906)	(19,248)	(40)	(103)	(4,385)	(111,384)	(10,151)	5,161	(304,629)	(489,026)
Net Cash Provided (Used) by Operating Activities	3,034	287	-	(40,906)	(19,248)	(40)	(59)	(4,385)	(111,384)	499,306	5,161	26,580	358,346
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:													
Operating Transfers Out	(8,323)	-	-	-	-	-	-	-	-	-	-	(25,000)	(33,323)
Net Cash Provided (Used) by Noncapital Financing Activities	(8,323)	-	-	-	-	-	-	-	-	-	-	(25,000)	(33,323)
Net Increase (Decrease) in Cash and Investments	(5,289)	287	-	(40,906)	(19,248)	(40)	(59)	(4,385)	(111,384)	499,306	5,161	1,580	325,023
Balances - Beginning of the Year	8,322	-	137,272	142,471	156,111	138,977	161,085	191,118	334,885	-	10,446	17,644	1,298,331
Balances - End of the Year	$ 3,033	$ 287	$ 137,272	$ 101,565	$ 136,863	$ 138,937	$ 161,026	$ 186,733	$ 223,501	$ 499,306	$ 15,607	$ 19,224	$ 1,623,354
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:													
Operating Income (Loss)	$ 3,034	$ 287	$ -	$ (40,906)	$ (19,208)	$ -	$ (18)	$ (4,135)	$ (111,384)	$ 499,306	$ -	$ 26,580	$ 353,556
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:													
Change in Assets and Liabilities:													
(Increase)Decrease in Assets:													
Due from Governmental Units	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase(Decrease) in Liabilities:													
Due to Governmental Units	-	-	-	-	(40)	(40)	(41)	(250)	-	-	5,161	-	4,790
Net Cash Provided (Used) by Operating Activities	$ 3,034	$ 287	$ -	$ (40,906)	$ (19,248)	$ (40)	$ (59)	$ (4,385)	$ (111,384)	$ 499,306	$ 5,161	$ 26,580	$ 358,346

Supplementary Information
Combining Statement of Net Position
Internal Service Funds
December 31, 2025

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
ASSETS:				
Cash and Investments - Unrestricted	0.00	94,861.00	44.00	$ 94,905
Due from Governmental Units	93,815.00	0.00	0.00	93,815
Inventory	0.00	0.00	3,157.00	3,157
Prepaid Expense	202,517.00	0.00	0.00	202,517
TOTAL ASSETS	$ 296,332	$ 94,861	$ 3,201	$ 394,394
LIABILITIES:				
Due to Other Funds	295,812.00	0.00	0.00	$ 295,812
TOTAL LIABILITIES	295,812	-	-	295,812
NET POSITION:				
Unrestricted	520	94,861	3,201	98,582
TOTAL NET POSITION	520	94,861	3,201	98,582
TOTAL LIABILITIES AND NET POSITION	$ 296,332	$ 94,861	$ 3,201	$ 394,394

Supplementary Information
Combining Statement of Revenues, Expenses, and Changes in Net Position - Internal Service Funds
For the Year Ended December 31, 2025

	Self Insurance-Health	Self Insurance-Workers Comp.	Central Stores	Total
OPERATING REVENUES:				
Charges for Services	3,302,041.00	182,188.00	8,617.00	$ 3,492,846
Total Operating Revenues	3,302,041	182,188	8,617	3,492,846
OPERATING EXPENSES:				
Premium Payments	3,302,901.00	153,623.00	-	3,456,524
Supplies	-	-	8,242.00	8,242
Total Operating Expenses	3,302,901	153,623	8,242	3,464,766
OPERATING INCOME (LOSS)	(860)	28,565	375	28,080
NET POSITION BEGINNING OF YEAR	1,380	66,296	2,826	70,502
NET POSITION END OF YEAR	$ 520	$ 94,861	$ 3,201	$ 98,582

Supplementary Information
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2025

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	$ 3,235,550	$ 182,188	$ 8,617	$ 3,426,355
Payments to Suppliers	(3,296,857)	(153,623)	(8,630)	(3,459,110)
Internal Activity - Receipts(Payments) with Other Funds	61,307	-	-	61,307
Net Cash Provided (Used) by Operating Activities	-	28,565	(13)	28,552
Net Increase (Decrease) in Cash and Investments	-	28,565	(13)	28,552
Balances - Beginning of the Year	-	66,296	57	66,353
Balances - End of the Year	$ -	$ 94,861	$ 44	$ 94,905
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (860)	$ 28,565	$ 375	$ 28,080
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	(66,491)	-	-	(66,491)
Inventory	-	-	(388)	(388)
Prepaid Items	6,888	-	-	6,888
Increase (Decrease) in Liabilities:				
Accounts Payable	(844)	-	-	(844)
Due to Other Funds	61,307	-	-	61,307
Net Cash Provided (Used) by Operating Activities	$ -	$ 28,565	$ (13)	$ 28,552

Supplementary Information
Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2025

	General Agency Fund	District Court	State Education Tax Collections	Library Penal Fines	Inmate Trust	Total Custodial Funds
ASSETS:						
Cash and Equivalents - Restricted	$ 1,745,157	$ 34,888	$ 8,119	$ 48,838	$ 198,837	$ 2,035,839
TOTAL ASSETS	1,745,157	34,888	8,119	48,838	198,837	2,035,839
LIABILITIES:						
Undistributed Tax Collections	1,176,572	-	8,119	-	-	1,184,691
Other Liabilities	57,907	-	-	-	-	57,907
Bond & Restitutions	414,808	34,888	-	-	-	449,696
Due to Inmates	-	-	-	-	198,837	198,837
Due to Governmental Units	95,870	-	-	48,838	-	144,708
TOTAL LIABILITIES	1,745,157	34,888	8,119	48,838	198,837	2,035,839
NET POSITION:						
Restricted for:						
Individuals, Organizations, and Other Governments	$ -	$ -	$ -	$ -	$ -	$ -

Supplementary Information
Combining Statement of Changes of Custodial Funds
Cash Position
For the Year Ended December 31, 2025

	Custodial Funds					
ADDITIONS:	General Agency Fund	District Court	State Education Tax Collections	Library Penal Fines	Inmate Trust	Total
Contributions						
Taxes Collected for Other Governments	$ 3,962,681	$ -	$ 8,270,321	$ -	$ -	$ 12,233,002
Fees and Fines Collected on behalf of Other Governments	7,995,052	-	-	125,480	-	8,120,532
Fees and Fines Collected on behalf of Other Agencies	402,602	241,897	-	-	-	644,499
Bonds, Restitutions, and Payables to Others	201,930	-	-	-	-	201,930
Collections from or On Behalf of Inmates	-	-	-	-	166,505	166,505
TOTAL ADDITIONS	12,562,265	241,897	8,270,321	125,480	166,505	21,366,468
DEDUCTIONS:						
Payment of Taxes to Other Governments	3,962,681	-	8,270,321	-	-	12,233,002
Fees and Fines Remitted to Other Units of Government	7,995,052	-	-	125,480	-	8,120,532
Fees and Fines Remitted to Other Agencies	402,602	241,897	-	-	-	644,499
Payments on Behalf of Inmates	-	-	-	-	166,505	166,505
Bonds, Restitutions, and Payables to Others	201,930	-	-	-	-	201,930
TOTAL DEDUCTIONS	12,562,265	241,897	8,270,321	125,480	166,505	21,366,468
Net Increase (Decrease) in Net Position	-	-	-	-	-	-
Net Position, Beginning of Year	-	-	-	-	-	-
Net Position, End of Year	$ -	$ -	$ -	$ -	$ -	$ -

Reports on Compliance

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 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, 2025, 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 June 8, 2026.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County of Chippewa, Michigan's internal control. Accordingly, we do not express an opinion on the effectiveness of the County of Chippewa, Michigan's internal control.

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

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

Members of the Board
County of Chippewa, Michigan

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 & Co. PLC

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

June 8, 2026

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Chippewa, Michigan's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County of Chippewa, Michigan's major federal programs for the year ended December 31, 2025. 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.

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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County of Chippewa, Michigan and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County of Chippewa, Michigan's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County of Chippewa, Michigan's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County of Chippewa, Michigan's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Unform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County of Chippewa, Michigan's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County of Chippewa, Michigan's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County of Chippewa, Michigan's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County of Chippewa, Michigan's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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.

To the Board of Commissioners
County of Chippewa, Michigan

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Anderson, Tackman & Co. PLC

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

June 8, 2026

Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Agency / Cluster / Program Title	COVID-19 Related	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture						
* Women, Infant and Children - Admin	N	10.557	MDHHS	E20253541	$ -	$ 180,625
* Women, Infant and Children - Breastfeeding	N	10.557	MDHHS	E20251200	-	21,261
Women, Infant and Children - Resident Services	N	10.557	MDHHS	E20263965-00	-	34,334
Women, Infant and Children - Breastfeeding	N	10.557	MDHHS	E20263964-00	-	3,872
Program Subtotal					-	240,092
Forest Service Schools and Roads Cluster						
Schools and Roads Grants to States - Title I	N	10.665	MDNR	N/A	-	239,828
Program & Cluster Subtotal					-	239,828
Direct						
Community Facility Grant	N	10.766	Direct	N/A	-	792,695
Total U.S. Department of Agriculture					-	**1,272,615**
U.S. Department of Commerce						
Building Construction	N	11.300	Direct	06-01-06245	-	**2,128,559**
U.S. Department of Housing & Urban Development						
Community Development Block Grant	N	14.228	MEDC	N/A	-	**62,842**
U.S. Department of Interior						
Federal Forest PILT	N	15.226	Direct	NA	-	**394,586**
U.S. Department of Transportation						
Highway Planning and Construction Cluster						
Federal Transit Capital Grants						
Capital Grant - Section 70	N	20.205	MDOT	2022-0049 218122NI P13	-	376,830
Capital Grant - Section 70	N	20.205	MDOT	2022-0049 214672NI	-	37,214
Subtotal Highway Planning and Construction Cluster					-	414,044
Capital Grant - Section 5311	N	20.509	MDOT	2022-0049 213352NI	-	10,598
Capital Grant - Section 5311	N	20.509	MDOT	2022-0049 206194NI/206196NI	-	44,845
Capital Grant - Section 5311	N	20.509	MDOT	2022-0049 214397NI/214401NI P20	-	38,899
Capital Grant - Section 5311	N	20.509	MDOT	2022-0049 206197NI	-	3,190
Operating Assistance - Section 5311	Y	20.509	MDOT	2022-0049 222529NI P21	-	174,404
Rural Transit Assistance Program (RTAP)	N	20.509	MDOT	N/A	-	7,500
Program Subtotal					-	279,436
JARC	N	20.516	MDOT	2017-0047 203344	-	15,258
Buses and Bus Facilities Formula,Competitive,and Low or Emmissions	N	20.526	MDOT	2022-0049 216707NI	-	73,892
Airport Improvement Programs						
CA Seal Terminal Apron	Y	20.106	MDOT	3-26-0139-5224	-	451,162
Reconstruct Terminal Building	N	20.106	MDOT	3-26-0139-055-2025	-	1,788,254
Reconstruct Terminal Building A-1	N	20.106	MDOT	3-26-0139-056-2025	-	104,595
Access Road Rehab	N	20.106	MDOT	3-26-0139-5324	-	65,121
HVAC Sysytem Replacement	N	20.106	MDOT	3-26-0139-5424	-	184,690
Program Subtotal					-	2,593,822
Highway Safety Cluster						
Office of Highway Safety Planning	N	20.600	MSP	PT-23-23	-	5,847
Total U.S. Department of Transportation					-	**3,382,299**
U.S. Department of Treasury						
State and Local Fiscal Recovery Funds	Y	21.027	MSF	N/A	-	498,912
Total U.S. Department of Treasury					-	**498,912**
U.S. Environmental Protection Agency						
Great Lakes Beach Monotoring	N	66.472	MEGLE	2025-7207	-	6,448
Total U.S. Environmental Protection Agency					-	**6,448**

See accompanying notes to the schedule of expenditures of federal awards.

Supplementary Information
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

	Federal Agency / Cluster / Program Title	COVID-19 Related	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
	U.S. Department of Health and Human Services						
*	Public Health Emergency Preparedness	N	93.069	MDHHS	E20250696	-	82,740
*	Public Health Emergency Preparedness	N	93.069	MDHHS	E20256005	-	28,441
*	Public Health Emergency Preparedness	N	93.069	MDHHS	E20263798-00	-	23,820
	Program Subtotal					-	135,001
	Family Planning	N	93.217	MDHHS	E20250578	-	56,172
	Family Planning	N	93.217	MDHHS	E20263974-00	-	21,514
	Program Subtotal					-	77,686
	Sustance Abuse	N	93.243	NCN	NA	-	51,193
	Sustance Abuse	N	93.243	NCN	NA	-	1,488
	Program Subtotal					-	52,681
	Immunization - Vaccines (noncash)	N	93.268	MDHHS	NA	-	71,227
	Immunization - COVID	Y	93.268	MDHHS	E20251066	-	67,074
	Immunization - IAP	N	93.268	MDHHS	E20251201/E20251085	-	24,345
	Immunization - IAP	N	93.268	MDHHS	E20263856	-	21,545
	Program Subtotal					-	184,191
	COVID Workforce Development	Y	93.354	MDHHS	E20255463		1,747
	Child Support Enforcement	N	93.563	MDHHS	CSCOM-24-17003	-	363,443
	Child Support Enforcement - Federal Incentive	N	93.563	MDHHS	CSCOM-24-17003	-	61,988
	Program Subtotal					-	425,431
	IV-E Foster Care Program - FY 2025	N	93.658	MDHHS	E20250141	-	15,476
	IV-E Foster Care Program - FY 2026	N	93.658	MDHHS	E20261915	-	5,091
	Program Subtotal					-	20,567
	Medicaid Cluster						
	CSHCS Outreach & Advocacy	N	93.778	MDHHS	E20250493	-	35,287
	CSHCS Medicaid Outreach	N	93.778	MDHHS	E20250927	-	3,609
	CSHCS Medicaid Elevated Blood Lead Case Mgnt	N	93.778	MDHHS	E20253224	-	222
	Medicaid Outreach	N	93.778	MDHHS	E20251367	-	14,107
	CSHCS Care Coordination	N	93.778	MDHHS	E20250822	-	14,645
	Opiod Response	N	93.778	MDHHS	E20255282/E20251307	-	22,054
	CSHCS	N	93.778	MDHHS	E20263801-00	-	11,876
	CC-Fixed Fees	N	93.778	MDHHS	E20263799-00	-	136
	Medicaid Outreach	N	93.778	MDHHS	E20263917-00	-	2,268
	Harm Reduction Support Match	N	93.778	MDHHS	E20263963-00	-	6,720
	Subtotal Medicaid Cluster					-	110,924
	Harm Reduction Supportive Services	N	93.788	NCN	NA	-	2,123
	BCCCP Planning	N	93.898	MDHHS	E20250494	-	8,557
	BCCCP Planning	N	93.898	MDHHS	E20263915-00	-	2,486
	Program Subtotal					-	11,043
	Substance Abuse Prevention COVID Supplemental	N	93.959	NCN	NA	-	2,337
	Substance Abuse Prevention COVID Supplemental	N	93.959	NCN	NA	-	74
	Program Subtotal					-	2,411
	Public Health Infrastructure	N	93.967	MDHHS	E20251715	-	19,689
	Public Health Infrastructure	N	93.967	MDHHS	E20263975-00	-	125,994
	Program Subtotal					-	145,683
	Family Planning	N	93.994	MDHHS	E20250578	-	16,077
	MCH-All Other	N	93.994	MDHHS	E20252268	-	122
	ESMCH-All Other	N	93.994	MDHHS	E20263802-00	-	2,161
	Program Subtotal					-	18,360
	Total U.S. Department of Health and Human Services					-	**1,187,847**

See accompanying notes to the schedule of expenditures of federal awards.

Federal Agency / Cluster / Program Title	COVID-19 Related	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Homeland Security						
Emergency Management Performance Grant	N	97.042	MSP	EMC-2024-EP-00001	-	5,000
Program Subtotal						5,000
Operation Stonegarden Grant-2021	N	97.067	MSP	EMW-2021-SS-00021	-	19,610
Operation Stonegarden Grant-2022	N	97.067	MSP	EMW-2022-SS-00011	-	54,575
Operation Stonegarden Grant-2023	N	97.067	MSP	EMW-2023-SS-00031	-	6,356
Operation Stonegarden Grant-2024	N	97.067	MSP	EMW-2024-SS-00031	-	64,805
Program Subtotal					-	145,346
Homeland Security Grant - 2022	N	97.067	DC	N/A	-	16,041
Homeland Security Grant - 2023	N	97.067	DC	N/A	-	653
Homeland Security Grant - 2024	N	97.067	DC	N/A	-	3,635
Program Subtotal					-	20,329
Total U.S. Department of Homeland Security					**-**	**170,675**
Total Expenditures of Federal Awards					$ -	**$ 9,104,783**

See accompanying notes to the schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Chippewa, Michigan under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Chippewa, Michigan, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County of Chippewa, Michigan.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C - INDIRECT COST:

For purposes of charging indirect costs to federal awards, the County has not elected to use the 15% deminimus cost rate as permitted by CFR Section 200.414 of the Uniform Guidance.

NOTE D - MDOT ADMINISTRATION:

The Michigan Department of Transportation (MDOT) requires that road commissions report all Federal and State grants pertaining to their county. During the year ended December 31, 2025, the Federal aid received and expended by the Road Commission was $5,964,474 for contracted projects. Contracted projects are defined as projects performed by private contractors paid for and administrated by MDOT (they are included in MDOT's single audit). The Federal aid received and expended by the Road Commission was $0 for negotiated projects. Negotiated projects are projects where the road commission administers the grant and either performs the work or contracts it out. The Road Commission would be subject to single audit requirements if they expended $1,000,000. The Road Commissions single audit is completed and reported as part of the audit of Chippewa County, Michigan.

During fiscal 2025, the Economic Development Corporation received significant funding in the form of federal and state awards. The U.S. Department of Transportation awarded grants in the amount of $2,786,880 for airport improvements and operations. Some grants are administered by the Michigan Department of Transportation. A direct award was also received from the U.S. Department of Commerce in the amount of $2,128,559. The grants are reported in the Single Audit Section of the County of Chippewa, Michigan compliance reports.

NOTE E- 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	$	2,068,337
Federal Grants of Component Units		6,796,618
Federal Grants in Trust & Agency		239,828
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	$	9,104,783

Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	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 Title 2 (CFR) part 200, Uniform Guidance?	No

Identification of Major Programs

Assistance Listing Numbers	Name of Federal Program or Cluster
11.300	Investments for Public Works and EDC Facilities
20.106	Airport Improvement Program

Dollar threshold used to distinguish between types A and type B programs:	$1,000,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Other Information

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, 2025, appears on page 1. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The other 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

June 8, 2026

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, 2024, the County has the following debt issues which apply to SEC Rule 15c2-12.

1. $7,040,000 County of Sault Ste. Marie Water Supply and Sewage Disposal System Limited Tax General Obligation Bonds, Series 2013.

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	2020 U.S. Census	36,785

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

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

	2025		2024	
Use	Amount	Percent of Total	Amount	Percent of Total
Agriculture	$ 40,654,386	2.70%	$ 38,842,158	2.73%
Commercial (R&P)	192,684,557	12.82%	187,794,143	13.19%
Industrial (R&P)	32,382,867	2.16%	33,188,844	2.33%
Residential	1,178,389,913	78.40%	1,105,524,327	77.65%
Utility	58,892,464	3.92%	58,381,628	4.10%
Total	$ 1,503,004,187	100.00%	$ 1,423,731,100	100.00%

	2025		2024	
Class	Amount	Percent of Total	Amount	Percent of Total
Real Property	$ 1,415,021,923	94.15%	$ 1,334,011,472	93.70%
Personal Property	87,982,264	5.85%	89,719,628	6.30%
Total	$ 1,503,004,187	100.00%	$ 1,423,731,100	100.00%

Source: County of Chippewa

NOTE 2 – TABLES: (Continued)

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
2011	2012	2013	$ 1,090,343,959	$ 430,500	$1,090,774,459	.24%
2012	2013	2014	1,086,611,568	1,249,100	1,087,860,668	(.27)%
2013	2014	2015	1,094,634,260	1,287,800	1,095,922,060	.74%
2014	2015	2016	1,102,156,530	1,116,800	1,103,273,360	.67%
2015	2016	2017	1,114,409,296	1,095,900	1,115,505,196	1.11%
2016	2017	2018	1,140,660,977	880,700	1,141,541,677	2.33%
2017	2018	2019	1,152,057,665	527,900	1,152,585,565	.96%
2018	2019	2020	1,179,042,140	363,606	1,179,405,746	2.32%
2019	2020	2021	1,204,975,422	375,604	1,205,351,026	2.20%
2020	2021	2022	1,258,607,156	394,384	1,259,001,540	4.45%
2021	2022	2023	1,326,557,410	394,384	1,326,951,794	5.40%
2022	2023	2024	1,423,731,100	394,384	1,424,125,484	6.8%
2023	2024	2025	1,503,004,187	394,384	1,503,398,571	5.3%

Per Capita Total taxable value for the fiscal year ending December 31, 2025, $38,704.

D. SEV by Use and Class:

	Fiscal Year Ended or Ending December 31							
Use	2022	%	2023	%	2024	%	2025	%
Agriculture	$ 132,193,894	8%	$ 55,074,000	3%	$ 60,743,300	3%	$ 68,475,100	3%
Commercial	226,054,000	14%	228,777,100	14%	255,273,815	13%	277,716,299	13%
Industrial	34,543,200	2%	34,569,000	2%	39,761,700	2%	38,995,600	2%
Residential	1,193,362,086	73%	1,314,421,535	78%	1,514,133,917	78%	1,717,668,136	79%
Utility	53,305,300	3%	53,026,200	3%	59,323,070	3%	59,361,559	3%
Total	$1,639,458,480	100%	$1,685,867,835	100%	$1,929,235,802	100%	$ 2,162,216,694	100%
Class								
Real Property	$1,559,524,280	95%	$1,609,994,035	95%	$1,838,574,732	95%	$ 2,073,765,335	96%
Personal Property	79,934,200	5%	75,873,800	5%	90,661,070	5%	88,451,359	4%
Total	$1,639,458,480	100%	$1,685,867,835	100%	$1,929,235,802	100%	$ 2,162,216,694	100%

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

E. Maximum Tax Rates:

Millage Classification	Millage Authorized	Millage Reduction Fraction (1)	Maximum Allowable Millage
Allocated (1)	6.1500	.9912	6.0861
Senior Programs (3)	0.7500	.9912	0.7434
Animal Shelter (4)	0.1750	.9912	0.1734
Roads (2)	0.9879	.9912	0.9718
Fire/Ambulance (2)	0.4275	.9912	0.4230
Recycling (2)	0.5000	.9912	0.4948

(1) Cumulative.
(2) Voted. Expiration Date of Millage Authorized 2026.
(3) Voted. Expiration Date of Millage Authorized 2028.
(4) Voted. Expiration Date of Millage Authorized 2030.

F. Revenues from the State of Michigan

Fiscal Year Ended/Ending	Revenue Sharing Payments
December 31, 2021	$754,994
December 31, 2022	$779,221
December 31, 2023	$818,687
December 31, 2024	$875,064
December 31, 2025	$970,713

Source: County of Chippewa

G. Property Tax Rates:

Levy 1-Dec	Fiscal Years Ended or Ending 31-Dec	Allocated	Fire/ Ambulance (1)	Road Improvements (1)	Recycling (1)	Jail (1)	Senior Program (1)	Animal Shelter (1)	Total
2017	2018	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.1000	9.3726
2018	2019	6.1500	0.4275	0.9879	0.5000	0.0000	0.4994	0.1000	8.6648
2019	2020	6.1500	0.4275	0.9879	0.5000	0.0000	0.4994	0.1000	8.6648
2020	2021	6.1500	0.4275	0.9879	0.5000	0.0000	0.4994	0.1000	8.6648
2021	2022	6.1500	0.4275	0.9879	0.5000	Expired	0.7500	0.1000	8.9154
2022	2023	6.1500	0.4275	0.9821	0.5000	Expired	0.7456	0.1000	8.9052
2023	2024	6.1500	0.4275	0.9821	0.5000	Expired	0.7456	0.0994	8.9046
2024	2025	6.1500	0.4268	0.9805	0.4992	Expired	0.7444	0.0992	8.9001
2025	2026	6.0861	0.4230	0.9718	0.4948	Expired	0.7434	0.1734	8.8925

(1) Voted.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

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, 2025:

Property	Highest Tax Rate		Lowest Tax Rate	
Classification	Municipality	Tax Rate	Municipality	Tax Rate
Special Exemption*	Sault Ste. Marie	43.9009 mills	Soo Twp	22.1126 mills
Other	Sault Ste. Marie	61.9009 mills	Soo Twp	40.1126 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

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
2016	2017	$ 9,814,287	$ 9,110,481	92.82%
2017	2018	9,958,351	9,295,768	93.34%
2018	2019	9,513,458	8,881,752	93.36%
2019	2020	9,606,555	9,137,606	95.12%
2020	2021	9,748,866	9,176,827	94.13%
2021	2022	10,346,489	9,723,079	93.97%
2022	2023	10,737,178	10,070,221	93.79%
2023	2024	11,416,655	11,279,334	98.80%
2024	2025	12,198,821	11,631,663	95.35%

(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

NOTE 2 - TABLES: (Continued)

J. Top 10 Largest Taxpayers:

		December 31, 2025	
Taxpayer	Principal Product or Service	Taxable Value (1)	Percent of of Total (2)
Cloverland Electric Cooperative	Utility	$ 39,761,113	2.65%
American Transmission	Utility	21,335,390	1.42%
DTE Gas Company	Utility	8,668,610	.58%
Cascade X LLC	Retail	6,534,750	.43%
Walmart	Retail	5,103,409	.34%
Pickford Solar, LLC	Utility	4,868,300	.32%
Pointe West I LP	Apartment Rental	4,532,396	.30%
Continental Teves Inc	Auto Testing Service	4,390,700	.29%
Goodwill Company	Retail	4,226,722	.28%
Harwood Properties Inc	Apartment Rental	3,228,559	.21%

(1) Includes Equivalent Taxable Value of properties granted tax abatement under Act 198.
(2) Based on $1,503,004,187 which is the County's Total Taxable Value for the fiscal year ending December 31, 2025. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198.

Source: County of Chippewa

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)	$ 216,221,669
Debt Outstanding (2)	(2,360,000)
Legal Debt Margin	$ 213,861,669

(1) 10% of $2,162,216,694 which is the County's Total SEV for its fiscal year ending December 31, 2025. 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

NOTE 2 - TABLES: (Continued)

L. Debt Schedule:

The following table reflects a summary of the County's direct and underlying debt as of December 31, 2025:

County Direct Debt	Gross	Self-Supporting	Net
Water and Sewer Bonds:			
Dated December 13, 2013	2,360,000	2,360,000	-
Total	$ 2,360,000	$ 2,360,000	$ -
Per Capita Net County Direct Debt			$ 0
Percent of Net Direct Debt to Total SEV			0%

Underlying Debt of County (5)	Total
City	$ 25,627,500
Townships	618,458
School Districts	27,612,247
Total Underlying Debt	$ 53,858,205
Per Capita Underlying Debt (3)	$ 1,464
Percent of Underlying Debt to Total SEV (4)	2.49%
Total Direct and Underlying Debt	$ 56,718,205
Per Capita Net Direct and Underlying Debt (3)	$ 1,542
Percent of Net Direct and Underlying Debt to Total SEV (4)	2.62%

(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 2020 census of 36,785.
(4) Based on $2,162,216,694 which is the County’s Total SEV for its fiscal year ending December 31, 2025. 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:

Year Issued	Notes Issued	Amount Outstanding
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, 2025, the accumulated unpaid compensated absences amounted to $503,292.

NOTE 2 - TABLES: (Continued)

R. Pension:

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 22-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
2014	$ 31,376,994	$ 41,555,130	76%
2015	31,967,265	45,128,410	71%
2016	32,491,180	46,797,040	69%
2017	32,623,560	46,270,543	71%
2018	32,186,798	47,466,307	68%
2019	32,768,660	50,559,247	65%
2020	33,957,295	55,245,199	61%
2021	38,920,343	57,978,045	67%
2022	39,753,023	58,777,374	68%
2023	41,003,598	60,312,321	68%
2024	42,216,804	61,237,536	69%

S. Other Post-Employment Benefits:

Within this Annual Financial Report, available in the Notes to the Financial Statements, this information can be found at Note 9 – Other Post-Employment Benefits.

T. Labor Contracts:

The County has 158 full and part-time employees. Approximately 48% 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.

Employee Group	Membership	Current Expiration Date
Technical, Professional and Office workers		
Association of Michigan	30	December 31, 2026
Michigan Fraternal Order of Police Labor Council	18	December 31, 2029
Non-Union Employees	102	Not applicable
Police Officers Association of Michigan	17	December 31, 2028
Michigan Fraternal Order of Police Labor Council:		
Dispatchers	11	December 31, 2029
MNA Health Department	8	
Total Permanent County Employees	186	

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

U. 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.

Company	Principal Product or Service	Approximate Number of Employees
Sault Ste. Marie Tribe of Chippewa Indians	Tribal Enterprises and Governmental Operations	1,550
My Michigan Medical Center	Hospital	900
Bay Mills Indian Community	Tribal Enterprises and Governmental Operations	735
Chippewa Correctional Facility	State Correctional Facility	444
Walmart Supercenter	Retail and Grocery	301
Lake Superior State University	Post Secondary Education	289
Kokosing Alberici	Construction	250
Chippewa County	Government	236
Sault Ste. Marie Area Public Schools	Education	235
C.L.M. Community Action	Child Daycare Services / Senior Services	190

Source: Eastern Upper Peninsula Regional Planning

V. Employment:

Reflected below are the unemployment statistics for the County for the calendar years 2019 through 2024:

County of Chippewa	2020	2021	2022	2023	2024	2025
Employed	14,400	14,754	14,988	15,393	16,423	16,173
Unemployed	1,505	1,032	1,018	967	1,411	1,199
Labor Force	15,905	15,786	16,006	16,360	17,834	17,372
Unemployed as % Of Labor Force (1)	9.5%	6.5%	6.4%	5.9%	7.9%	6.9%

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

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

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the 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, 2025, and have issued our report thereon dated June 8, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter to you dated May 1, 2026 Professional standards also require that we communicate to you the following information related to our audit.

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 was 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 June 8, 2026.

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.

Upcoming Accounting Standards

The following pronouncements of the Governmental Accounting Standards Board (GASB) have been released recently and may be applicable to the County in the near future. We encourage management to review the following information and determine which standard(s) may be applicable to the County. For the complete text of these and other GASB standards, visit www.gasb.org. If you have questions regarding the applicability, timing, or implementation, please contact us.

GASB Statement No. 103, Financial Reporting Model Improvements

In April of 2024, GASB Statement No. 103, Financial Reporting Model Improvements, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal years beginning after June 15, 2025. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

GASB Statement No. 104, Disclosure of Certain Capital Assets

In September of 2024, GASB Statement No. 104, Disclosure of Certain Capital Assets, was issued. The requirements of this Statement will take effect for financial statements starting with the fiscal years beginning after June 15, 2025. State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets.

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.

Restrictions on Use

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 & Co. PLC

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

June 8, 2026