

County of Chippewa, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2021

CHIPPEWA COUNTY, MICHIGAN

ORGANIZATION

COUNTY BOARD OF COMMISSIONERS

CHAIRMAN	JIM MARTIN
COMMISSIONER	SCOTT SHACKLETON
COMMISSIONER	DON MCLEAN
COMMISSIONER	TED POSTULA
COMMISSIONER	ROBERT SAVOIE

APPOINTED/ELECTED OFFICERS

COUNTY ADMINISTRATOR	KELLY CHURCH
COUNTY TREASURER	CARMEN FAZZARI
COUNTY CLERK	CATHY MALEPORT
COUNTY REGISTER OF DEEDS	GIGI FERRO
COUNTY SHERIFF	MICHAEL BITNAR
COUNTY DRAIN COMMISSIONER	JAMES ZIMMERMAN
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

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA
TORI N. KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

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MICHIGAN & WISCONSIN

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, 2021, 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, 2021, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 the 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 75 through 77, and pages 78 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

Members of the Board
County of Chippewa, Michigan

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 (CFR) 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 were derived from and relate 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 13, 2022, 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 & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

June 13, 2022

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, 2021.

Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$4,091,487. Of this amount, \$1,424,977 is restricted.
- Net position for the County as a whole increased by \$519,428. Net position of our governmental activities increased by \$531,489 a result of the changes related to the amortization of OPEB items related to the Health Department which lead to large negative adjustment health and welfare expenses in 2021. The net position of our business-type activities decreased by (\$12,061).
- During the year, the County had expenses for governmental activities that were \$24,041,357 and expenses for business-type activities that were \$356,156.
- The General Fund reported a net fund balance of \$3,750,385, a decrease of \$1,425,250. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,613,109, or 25.7% 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.

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

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

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

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

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

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-74 of this report.

Required supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This includes funding progress and budget comparison schedules. Funding progress and budget comparison schedules can be found on pages 75-85 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain other supplementary information. This includes the combining fund financial statements. Combining fund statements can be found on pages 86-107 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Chippewa County, net position exceeded liabilities by \$4,091,487 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	
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 16,307,292	\$ 13,507,341	\$ 12,588,053	\$ 12,494,848	\$ 28,895,345	\$ 26,002,189
Capital Assets	10,027,378	10,275,502	-	-	10,027,378	10,275,502
Total Assets	26,334,670	23,782,843	12,588,053	12,494,848	38,922,723	36,277,691
Deferred Outflows of Resources	5,765,620	6,466,146	-	-	5,765,620	6,466,146
Liabilities						
Current Liabilities	6,223,970	3,098,636	200,653	95,387	6,424,623	3,194,023
Noncurrent Liabilities	27,042,060	28,907,689	-	-	27,042,060	28,907,689
Total Liabilities	33,266,030	32,006,325	200,653	95,387	33,466,683	32,101,712
Deferred Inflows of Resources	7,130,173	7,070,066	-	-	7,130,173	7,070,066
Net Position						
Net Investment in Capital Assets	5,293,420	4,873,544	-	-	5,293,420	4,873,544
Restricted	1,424,977	1,095,788	-	-	1,424,977	1,095,788
Unrestricted	(15,014,310)	(14,796,734)	12,387,400	12,399,461	(2,626,910)	(2,397,273)
Total Net Position	\$ (8,295,913)	\$ (8,827,402)	\$ 12,387,400	\$ 12,399,461	\$ 4,091,487	\$ 3,572,059

The current level of unrestricted net position for our governmental activities stands at (\$15,014,310), or about (62%) of expenses. Net Position of the governmental activities had a net increase of \$531,489.

Net Position of the business-type activities decreased (\$12,061).

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	\$ 6,477,806	\$ 6,051,735	\$ 1,002,781	\$ 1,088,072	\$ 7,480,587	\$ 7,139,807
Operating Grants and Contributions	6,620,484	6,962,718	-	-	6,620,484	6,962,718
General Revenues						
Property Taxes	9,775,618	9,543,339	-	-	9,775,618	9,543,339
State Revenue Sharing and Other	935,333	750,492	-	-	935,333	750,492
Interest Income	89,424	115,328	15,495	94,926	104,919	210,254
Total Revenues	23,898,665	23,423,612	1,018,276	1,182,998	24,916,941	24,606,610
Expenses						
Legislative	47,533	48,120	-	-	47,533	48,120
Judicial	3,939,471	2,479,634	-	-	3,939,471	2,479,634
General Government	3,682,227	2,456,285	-	-	3,682,227	2,456,285
Public Safety	7,233,861	5,592,798	-	-	7,233,861	5,592,798
Public Works	448,544	623,527	-	-	448,544	623,527
Health and Welfare	6,283,654	4,538,437	-	-	6,283,654	4,538,437
Interest Expense - Unallocated	231,413	231,413	-	-	231,413	231,413
Other	1,564,940	1,729,527	-	-	1,564,940	1,729,527
Tax Collection	-	-	32,692	3,673	32,692	3,673
Depreciation - Unallocated	609,714	604,877	-	-	609,714	604,877
Other Nonmajor	-	-	323,464	276,026	323,464	276,026
Total Expenses	24,041,357	18,304,618	356,156	279,699	24,397,513	18,584,317
Excess (Deficiency) Before Transfers	(142,692)	5,118,994	662,120	903,299	519,428	6,022,293
Transfers	674,181	674,440	(674,181)	(674,440)	-	-
Changes in Net Position	531,489	5,793,434	(12,061)	228,859	519,428	6,022,293
Net Position - Beginning	(8,827,402)	(14,620,836)	12,399,461	12,170,602	3,572,059	(2,450,234)
Net Position - Ending	\$ (8,295,913)	\$ (8,827,402)	\$ 12,387,400	\$ 12,399,461	\$ 4,091,487	\$ 3,572,059

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. In particular, unassigned fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

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

The County's Funds

Our analysis of the County's major funds begins on page 12 following the entity wide financial statements. The individual funds' financial statements provide detail information about the most significant funds, not the County as a whole. The County Board of Commissioners creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages. The County's major funds for 2021 include the General Fund, Health Department, Senior Nutrition, Ambulance, Chippewa County Recycling, American Recovery Plan Act, and Tax Collection Funds.

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

General Fund Budgetary Highlights

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

During the year, general fund revenues were \$498,013 lower than budgetary estimates, while general fund expenditures were \$412,372 less than budgetary estimates. The actual change in fund balance was a decrease.

Capital Assets

The County's investment in capital assets for its governmental activities as of December 31, 2021, amounted to \$10,027,378 (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 \$248,124.

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

- Purchases include vehicles of \$236,746, building improvements \$11,659 and various equipment of \$73,503.

Additional information on the County's capital assets can be found in note 4 on page 32-35 of this report.

Debt Administration

At the end of the current fiscal year, the County had total debt outstanding of \$27,731,060. Of this amount, \$4,733,958 comprises debt backed by the full faith and credit of the government. The remainder of the County's debt is comprised of vested employee benefits, OPEB obligations and net pension liability.

The County reduced its bond debt by \$668,000 in principal payments and issued no new debt.

Additional information on the County's long-term debt can be found in note 6 on pages 37-39 of this report.

Economic Factors and Next Year's Budgets and Rates

In order to maintain financial stability over the long term, the budgeting practice in Chippewa County is to not only adopt a balanced budget as required by law, but to manage its budget in a manner such that actual expenses do not exceed actual revenues on an annual basis. This policy, along with a conscious awareness of the fund balance, has given Chippewa County the reserves necessary to address 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.

- As the economy has stabilized, there have been financial impacts to the County. Property tax revenues have remained stable.
- Two Michigan constitutional laws limit property tax growth to the rate of inflation or a maximum allowable increase in assessment of 5.0 percent, whichever is less. Property tax revenue anticipated for the ensuing fiscal year will reflect the restrictions of these laws.

Component Units

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

Requests for Information

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

Basic Financial Statements

Statement of Net Position
December 31, 2021

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Totals	
ASSETS:				
Cash and Investments - Unrestricted	\$ 11,275,498	\$ 11,103,429	\$ 22,378,927	\$ 5,130,960
Cash and Investments - Restricted	206,614	-	206,614	2,535,878
Receivables:				
Accounts	992,679	-	992,679	444,103
Taxes	2,616,913	1,289,167	3,906,080	901,446
Interest	225	195,457	195,682	-
Due from Governmental Units	827,475	223	827,698	3,996,378
Internal Loans	223	(223)	-	-
Inventory	14,990	-	14,990	1,124,473
Prepaid Items	372,675	-	372,675	142,314
Capital Assets (nondepreciable)	354,828	-	354,828	65,923,969
Capital Assets (net of accumulated depreciation)	9,672,550	-	9,672,550	69,390,834
TOTAL ASSETS	26,334,670	12,588,053	38,922,723	149,590,355
DEFERRED OUTFLOWS OF RESOURCES:				
Pension & OPEB Related Items	5,625,313	-	5,625,313	2,042,665
Deferred Charges on Refunding	140,307	-	140,307	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,765,620	-	5,765,620	2,042,665
LIABILITIES:				
Accounts Payable	445,162	-	445,162	998,507
Accrued Liabilities	290,280	536	290,816	271,837
Advances	-	-	-	1,025,940
Unearned Revenue	4,411,374	-	4,411,374	-
Accrued Interest Payable	59,266	-	59,266	2,115
Due to Governmental Units	328,888	200,117	529,005	24,743
Notes Payable - Due within one year	-	-	-	431,134
Notes Payable - Due in more than one year	-	-	-	351,239
Bonds Payable - Due within one year	689,000	-	689,000	-
Bonds Payable - Due in more than one year	4,044,958	-	4,044,958	-
Vested Employee Benefits - Due in more than one year	475,461	-	475,461	509,867
OPEB Obligations - Due in more than one year	6,323,160	-	6,323,160	10,146,388
Net Pension Liability - Due in more than one year	16,198,481	-	16,198,481	18,530,318
TOTAL LIABILITIES	33,266,030	200,653	33,466,683	32,292,088
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	2,128,189	-	2,128,189	901,446
Pension & OPEB Related Items	5,001,984	-	5,001,984	6,706,689
TOTAL DEFERRED INFLOWS OF RESOURCES	7,130,173	-	7,130,173	7,608,135
NET POSITION:				
Net Investment in Capital Assets	5,293,420	-	5,293,420	134,532,430
Restricted	1,424,977	-	1,424,977	-
Unrestricted	(15,014,310)	12,387,400	(2,626,910)	(22,799,633)
TOTAL NET POSITION	\$ (8,295,913)	\$ 12,387,400	\$ 4,091,487	\$ 111,732,797

County of Chippewa, Michigan

Statement of Activities For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Totals	
Primary Government:								
Governmental Activities:								
Legislative	\$ 47,533	\$ -	\$ -	\$ -	\$ (47,533)	\$ -	\$ (47,533)	\$ -
Judicial	3,939,471	505,231	1,468,658	-	(1,965,582)	-	(1,965,582)	-
General Government	3,682,227	610,078	480,699	-	(2,591,450)	-	(2,591,450)	-
Public Safety	7,233,861	1,864,715	969,511	-	(4,399,635)	-	(4,399,635)	-
Public Works	448,544	-	941,589	-	493,045	-	493,045	-
Health and Welfare	6,283,654	3,497,782	2,760,027	-	(25,845)	-	(25,845)	-
Interest Expense - Unallocated	231,413	-	-	-	(231,413)	-	(231,413)	-
Other	1,564,940	-	-	-	(1,564,940)	-	(1,564,940)	-
Depreciation - Unallocated	609,714	-	-	-	(609,714)	-	(609,714)	-
Total Governmental Activities	<u>24,041,357</u>	<u>6,477,806</u>	<u>6,620,484</u>	<u>-</u>	<u>(10,943,067)</u>	<u>-</u>	<u>(10,943,067)</u>	<u>-</u>
Business-type activities:								
Tax Collection	32,692	478,786	-	-	-	446,094	446,094	-
Other Nonmajor	323,464	523,995	-	-	-	200,531	200,531	-
Total Business-type Activities	<u>356,156</u>	<u>1,002,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>646,625</u>	<u>646,625</u>	<u>-</u>
Total Primary Government	<u>\$ 24,397,513</u>	<u>\$ 7,480,587</u>	<u>\$ 6,620,484</u>	<u>\$ -</u>	<u>(10,943,067)</u>	<u>646,625</u>	<u>(10,296,442)</u>	<u>-</u>
Component Units:								
Road Commission	\$ 9,625,311	\$ 4,332,619	\$ 6,880,614	\$ 3,233,863				4,821,785
Economic Development Corporation	5,412,899	3,348,818	50,000	4,809,283				2,795,202
E.U.P. Transportation Authority	5,287,008	2,689,839	2,758,354	1,555,100				1,716,285
Total Component Units	<u>20,325,218</u>	<u>10,371,276</u>	<u>9,688,968</u>	<u>9,598,246</u>				<u>9,333,272</u>
Total	<u>\$ 44,722,731</u>	<u>\$ 17,851,863</u>	<u>\$ 16,309,452</u>	<u>\$ 9,598,246</u>				
General Revenues and Transfers:								
Taxes- Real Property					9,751,779	-	9,751,779	862,001
Taxes- Personal Property					23,839	-	23,839	-
State Revenue Sharing and Other					935,333	-	935,333	-
Interest Income					89,424	15,495	104,919	27,655
Transfers					674,181	(674,181)	-	-
Gain (Loss) on Disposals					-	-	-	(27,467)
Total General Revenues and Transfers					<u>11,474,556</u>	<u>(658,686)</u>	<u>10,815,870</u>	<u>862,189</u>
Changes in Net Position					531,489	(12,061)	519,428	10,195,461
Net Position - Beginning					(8,827,402)	12,399,461	3,572,059	101,537,336
Net Position - Ending					<u>\$ (8,295,913)</u>	<u>\$ 12,387,400</u>	<u>\$ 4,091,487</u>	<u>\$ 111,732,797</u>

See accompanying notes to financial statements.

County of Chippewa, Michigan

Balance Sheet Governmental Funds December 31, 2021

	General	Health Department 9/30/2021	Senior Nutrition	Ambulance	Chippewa County Recycling	American Recovery Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:								
Cash and Investments - Unrestricted	\$ 2,395,383	\$ 2,498,339	\$ 2,915	\$ 802	\$ 303,614	\$ 3,623,037	\$ 2,417,395	\$ 11,241,485
Cash and Investments - Restricted	-	97,659	-	-	-	-	108,955	206,614
Receivables:								
Accounts	17,650	765,669	-	-	-	-	192,509	975,828
Taxes	488,724	-	898,085	511,908	598,453	-	119,743	2,616,913
Interest	225	-	-	-	-	-	-	225
Inventory	-	8,066	-	-	-	-	-	8,066
Due from Other Funds	474,790	-	-	-	-	-	7,547	482,337
Due from Governmental Units	497,031	169,175	-	-	-	-	161,269	827,475
Prepaid Items	124,420	36,899	-	-	-	-	28,133	189,452
TOTAL ASSETS	\$ 3,998,223	\$ 3,575,807	\$ 901,000	\$ 512,710	\$ 902,067	\$ 3,623,037	\$ 3,035,551	\$ 16,548,395
LIABILITIES:								
Due to Other Funds	\$ 1,014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,535	\$ 280,549
Accounts Payable	126,090	201,618	-	-	-	-	117,454	445,162
Accrued Liabilities	120,734	144,763	-	-	-	-	24,783	290,280
Due to Governmental Units	-	328,086	-	802	-	-	-	328,888
Unearned Revenue	-	631,238	-	-	-	3,623,037	157,099	4,411,374
TOTAL LIABILITIES	247,838	1,305,705	-	802	-	3,623,037	578,871	5,756,253
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	898,085	511,908	598,453	-	119,743	2,128,189
FUND BALANCES:								
Nonspendable	124,420	44,965	-	-	-	-	28,133	197,518
Restricted	-	97,659	2,915	-	-	-	1,324,403	1,424,977
Committed	-	-	-	-	-	-	7,503	7,503
Assigned	12,856	2,127,478	-	-	303,614	-	976,898	3,420,846
Unassigned	3,613,109	-	-	-	-	-	-	3,613,109
TOTAL FUND BALANCES	3,750,385	2,270,102	2,915	-	303,614	-	2,336,937	8,663,953
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 3,998,223	\$ 3,575,807	\$ 901,000	\$ 512,710	\$ 902,067	\$ 3,623,037	\$ 3,035,551	
Reconciliation to amounts reported for governmental activities in the statement of net position:								
Capital assets used by governmental activities								10,027,378
Deferred Charges on Refunding								140,307
Long-term notes and bonds payable for governmental activities								(4,733,958)
Long-term Vested Employee Benefits								(475,461)
Internal service funds included in governmental activities								39,446
Accrued interest expense recognized under full accrual accounting								(59,266)
Net pension & OPEB liabilities and related deferred outflows & inflows								(21,898,312)
Net position of governmental activities								\$ (8,295,913)

See accompanying notes to financial statements.

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2021**

	General	Health Department 9/30/2021	Senior Nutrition	Ambulance	Chippewa County Recycling	American Recovery Plan Act	Nonmajor Governmental Funds	Totals Governmental Funds
REVENUES:								
Taxes	\$ 7,966,234	\$ -	\$ 591,735	\$ 506,529	\$ 592,727	\$ -	\$ 118,393	\$ 9,775,618
Licenses and Permits	34,319	-	-	-	-	-	-	34,319
Federal Sources	773,300	1,110,514	-	-	-	4,266	164,157	2,052,237
State Sources	1,673,556	818,374	1,382	1,183	1,384	-	732,650	3,228,529
Local Sources	72,500	370,064	-	-	-	-	1,157,772	1,600,336
Charges for Services	1,528,199	3,497,782	-	-	-	-	1,317,430	6,343,411
Interest and Rentals	87,795	-	-	-	-	-	1,629	89,424
Fines and Forfeitures	100,076	-	-	-	-	-	-	100,076
Other Revenue	222,680	335,571	-	-	-	-	116,464	674,715
TOTAL REVENUES	12,458,659	6,132,305	593,117	507,712	594,111	4,266	3,608,495	23,898,665
EXPENDITURES:								
Legislative	47,533	-	-	-	-	-	-	47,533
Judicial	3,212,602	-	-	-	-	-	663,135	3,875,737
General Government	3,567,487	-	-	-	-	4,266	28,339	3,600,092
Public Safety	5,229,519	-	-	-	-	-	2,101,707	7,331,226
Public Works	1,071	-	-	-	473,000	-	29,318	503,389
Health and Welfare	266,308	5,689,188	609,000	330,013	-	-	353,821	7,248,330
Capital Outlay	146,576	-	-	-	-	-	-	146,576
Debt Service	-	-	-	-	-	-	878,503	878,503
Other Expenditures	1,576,698	-	-	-	-	-	-	1,576,698
TOTAL EXPENDITURES	14,047,794	5,689,188	609,000	330,013	473,000	4,266	4,054,823	25,208,084
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(1,589,135)	443,117	(15,883)	177,699	121,111	-	(446,328)	(1,309,419)
OTHER FINANCING SOURCES (USES):								
Transfers In	810,370	-	-	-	-	-	726,933	1,537,303
Transfers Out	(646,485)	-	-	(177,699)	-	-	(38,938)	(863,122)
TOTAL OTHER FINANCING SOURCES (USES)	163,885	-	-	(177,699)	-	-	687,995	674,181
NET CHANGE IN FUND BALANCES	(1,425,250)	443,117	(15,883)	-	121,111	-	241,667	(635,238)
FUND BALANCE BEGINNING OF YEAR	5,175,635	1,826,985	18,798	-	182,503	-	2,095,270	9,299,191
FUND BALANCE END OF YEAR	\$ 3,750,385	\$ 2,270,102	\$ 2,915	\$ -	\$ 303,614	\$ -	\$ 2,336,937	\$ 8,663,953

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, 2021

Net changes in fund balances - total governmental funds \$ (635,238)

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 exceeded capital outlay and gain or disposal in the current period.

(248,124)

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.

668,000

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	(7,235)
Vested Employee Benefits	27,148
OPEB Obligations	1,022,689
Net Pension Liabilities	(295,103)

Internal Service Fund Activity (648)

Changes in net position of governmental activities \$ 531,489

**Statement of Net Position
Proprietary Funds
December 31, 2021**

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
ASSETS:				
Cash and Investments - Unrestricted	\$ 10,440,694	\$ 662,735	\$ 11,103,429	\$ 34,013
Taxes Receivable	1,289,167	-	1,289,167	-
Due from Governmental Units	-	223	223	16,851
Inventory	-	-	-	6,924
Prepaid Expense	-	-	-	183,223
Accrued Interest Receivable	195,457	-	195,457	-
TOTAL ASSETS	<u>\$ 11,925,318</u>	<u>\$ 662,958</u>	<u>\$ 12,588,276</u>	<u>\$ 241,011</u>
LIABILITIES:				
Due to Other Funds	\$ -	\$ 223	\$ 223	\$ 201,565
Due to Governmental Units	200,117	-	200,117	-
Accrued Liabilities	536	-	536	-
TOTAL LIABILITIES	<u>200,653</u>	<u>223</u>	<u>200,876</u>	<u>201,565</u>
NET POSITION:				
Unrestricted	<u>11,724,665</u>	<u>662,735</u>	<u>12,387,400</u>	<u>39,446</u>
TOTAL NET POSITION	<u>\$ 11,724,665</u>	<u>\$ 662,735</u>	<u>\$ 12,387,400</u>	<u>\$ 39,446</u>

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2021**

	Business-type Activities Enterprise Funds		Governmental Activities	
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
OPERATING REVENUES:				
Charges for Services	\$ 138,035	\$ 520,692	\$ 658,727	\$ 3,110,919
Penalties and Interest Charges	340,751	3,303	344,054	-
Total Operating Revenues	<u>478,786</u>	<u>523,995</u>	<u>1,002,781</u>	<u>3,110,919</u>
OPERATING EXPENSES:				
Premium Payments	-	-	-	3,101,217
Other Supplies and Expenses	32,692	323,464	356,156	10,350
Total Operating Expenses	<u>32,692</u>	<u>323,464</u>	<u>356,156</u>	<u>3,111,567</u>
OPERATING INCOME (LOSS)	<u>446,094</u>	<u>200,531</u>	<u>646,625</u>	<u>(648)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest on Deposits	15,495	-	15,495	-
Total Non-Operating Revenues (Expenses)	<u>15,495</u>	<u>-</u>	<u>15,495</u>	<u>-</u>
INCOME (LOSS) BEFORE TRANSFERS	461,589	200,531	662,120	(648)
Operating Transfers In	3,549,177	-	3,549,177	-
Operating Transfers Out	<u>(4,185,316)</u>	<u>(38,042)</u>	<u>(4,223,358)</u>	<u>-</u>
CHANGES IN NET POSITION	(174,550)	162,489	(12,061)	(648)
NET POSITION, JANUARY 1	<u>11,899,215</u>	<u>500,246</u>	<u>12,399,461</u>	<u>40,094</u>
NET POSITION, DECEMBER 31	<u>\$ 11,724,665</u>	<u>\$ 662,735</u>	<u>\$ 12,387,400</u>	<u>\$ 39,446</u>

County of Chippewa, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2021

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 586,092	\$ 525,505	\$ 1,111,597	\$ 3,123,340
Payments to Suppliers	74,374	(325,415)	(251,041)	(3,123,294)
Internal Activity - Receipts (Payments) with Other Funds	445,837	-	445,837	4,532
Net Cash Provided (Used) by Operating Activities	<u>1,106,303</u>	<u>200,090</u>	<u>1,306,393</u>	<u>4,578</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers In (Out) - net	<u>(636,139)</u>	<u>(38,042)</u>	<u>(674,181)</u>	<u>-</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(636,139)</u>	<u>(38,042)</u>	<u>(674,181)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Deposits	<u>15,495</u>	<u>-</u>	<u>15,495</u>	<u>-</u>
Net Cash Provided (Used) by Investing Activities	<u>15,495</u>	<u>-</u>	<u>15,495</u>	<u>-</u>
Net Increase (Decrease) in Cash	485,659	162,048	647,707	4,578
Balances - Beginning of the Year	<u>9,955,035</u>	<u>500,687</u>	<u>10,455,722</u>	<u>29,435</u>
Balances - End of the Year	<u>\$ 10,440,694</u>	<u>\$ 662,735</u>	<u>\$ 11,103,429</u>	<u>\$ 34,013</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 446,094	\$ 200,531	\$ 646,625	\$ (648)
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	105,237	-	105,237	-
Accrued Interest Receivable	2,069	-	2,069	-
Inventory	-	-	-	(2,144)
Prepaid Expense	-	-	-	(7,987)
Due from Other Funds	445,837	-	445,837	-
Due from Governmental Units	-	1,510	1,510	12,421
Increase (Decrease) in Liabilities:				
Accounts Payable	-	(2,174)	-	(1,596)
Due to Other Funds	-	223	223	4,532
Due to Governmental Units	106,530	-	106,530	-
Accrued Liabilities	536	-	536	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,106,303</u>	<u>\$ 200,090</u>	<u>\$ 1,308,567</u>	<u>\$ 4,578</u>

**Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2021**

	<u>Custodial Funds</u>	<u>Other Employee Benefit Trust Funds</u>	<u>Total</u>
ASSETS:			
Cash and Equivalents - Restricted	\$ 1,648,167	\$ -	\$ 1,648,167
Total Cash and Equivalents	<u>1,648,167</u>	<u>-</u>	<u>1,648,167</u>
Investments, at fair value:			
Equity Securities	-	17,384,361	17,384,361
Total Investments	<u>-</u>	<u>17,384,361</u>	<u>17,384,361</u>
TOTAL ASSETS	<u><u>\$ 1,648,167</u></u>	<u><u>\$ 17,384,361</u></u>	<u><u>\$ 19,032,528</u></u>
LIABILITIES:			
Undistributed Tax Collections	1,169,739	-	1,169,739
Other Liabilities	89	-	89
Bond & Restitutions	121,530	-	121,530
Due to Inmates	106,895	-	106,895
Due to Governmental Units	<u>249,914</u>	<u>-</u>	<u>249,914</u>
TOTAL LIABILITIES	<u>1,648,167</u>	<u>-</u>	<u>1,648,167</u>
NET POSITION:			
Held in Trust for Pension Benefits and Other Purposes	<u><u>\$ -</u></u>	<u><u>\$ 17,384,361</u></u>	<u><u>\$ -</u></u>

Statement of Changes of Fiduciary Net Position
Fiduciary Funds
December 31, 2021

	Custodial Funds	Trust Other Employee Benefit Trust Funds
ADDITIONS:		
Contributions		
Members	\$ -	\$ 1,749,444
Interest	-	2,401,506
Taxes Collected for Other Governments	8,777,595	-
Fees and Fines Collected on behalf of Other Governments	3,498,277	-
Fees and Fines Collected on behalf of Other Agencies	390,200	-
Bonds, Restitutions, and Payables to Others	1,433,770	-
Collections from or On Behalf of Inmates	253,073	-
TOTAL ADDITIONS	14,352,915	4,150,950
DEDUCTIONS:		
Payment of Taxes to Other Governments	8,753,441	-
Payment of Trust Benefits and fees	-	978,039
Fees and Fines Remitted to Other Units of Government	3,471,383	-
Fees and Fines Remitted to Other Agencies	427,168	-
Payments on Behalf of Inmates	191,857	-
Bonds, Restitutions, and Payables to Others	1,391,663	-
TOTAL DEDUCTIONS	14,235,512	978,039
Change in Cash Balance	117,403	
Cash, Beginning of Year	1,530,764	
Cash , End of Year	\$ 1,648,167	
NET CHANGE IN FUND BALANCE		3,172,911
FUND BALANCE BEGINNING OF YEAR		14,211,450
FUND BALANCE END OF YEAR		\$ 17,384,361

Component Units

County of Chippewa, Michigan

Statement of Net Position Component Units December 31, 2021

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2021	Totals
ASSETS:				
Cash and Investments - Unrestricted	\$ 582,374	\$ 782,603	\$ 3,765,983	\$ 5,130,960
Cash and Investments - Restricted	-	2,535,878	-	2,535,878
Receivables:				
Accounts	-	367,663	76,440	444,103
Taxes	901,446	-	-	901,446
Due from Governmental Units	2,594,186	693,011	709,181	3,996,378
Inventory	1,056,889	67,584	-	1,124,473
Prepaid Items	103,528	-	38,786	142,314
Capital Assets (Nondepreciable)	61,036,690	3,125,205	1,762,074	65,923,969
Capital Assets (Net of Accumulated Depreciation)	41,956,948	19,452,645	7,981,241	69,390,834
TOTAL ASSETS	108,232,061	27,024,589	14,333,705	149,590,355
DEFERRED OUTFLOWS OF RESOURCES:				
Pension & OPEB Related Items	695,267	185,880	1,161,518	2,042,665
LIABILITIES:				
Accounts Payable	663,079	42,072	293,356	998,507
Accrued Liabilities	191,684	51,038	29,115	271,837
Interest Payable	2,115	-	-	2,115
Due to State	3,095	-	21,648	24,743
Advances	1,025,940	-	-	1,025,940
Notes Payable - Due within one year	431,134	-	-	431,134
Notes Payable - Due in more than one year	351,239	-	-	351,239
Vested Employee Benefits - Due in more than one year	134,872	62,864	312,131	509,867
OPEB Obligation - Due in more than one year	10,088,961	57,427	-	10,146,388
Net Pension Liability - Due in more than one year	10,229,770	506,843	7,793,705	18,530,318
TOTAL LIABILITIES	23,121,889	720,244	8,449,955	32,292,088
DEFERRED INFLOWS OF RESOURCES:				
Pension & OPEB Related Items	6,307,955	173,051	225,683	6,706,689
Taxes Levied for a Subsequent Period	901,446	-	-	901,446
Total Deferred Inflows of Resources	7,209,401	173,051	225,683	7,608,135
NET POSITION:				
Net Investment in Capital Assets	102,211,265	22,577,850	9,743,315	134,532,430
Unrestricted	(23,615,227)	3,739,324	(2,923,730)	(22,799,633)
TOTAL NET POSITION	\$ 78,596,038	\$ 26,317,174	\$ 6,819,585	\$ 111,732,797

County of Chippewa, Michigan

Statement of Activities Component Units For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2021	
Road Commission:								
Public Works	\$ 9,625,311	\$ 4,332,619	\$ 6,880,614	\$ 3,233,863	\$ 4,821,785	\$ -	\$ -	\$ 4,821,785
Economic Development Corporation:								
Economic Development	5,412,899	3,348,818	50,000	4,809,283	-	2,795,202	-	2,795,202
E.U.P. Transportation Authority:								
Public Works	5,287,008	2,689,839	2,758,354	1,555,100	-	-	1,716,285	1,716,285
Total Component Units	<u>\$ 20,325,218</u>	<u>\$ 10,371,276</u>	<u>\$ 9,688,968</u>	<u>\$ 9,598,246</u>	<u>4,821,785</u>	<u>2,795,202</u>	<u>1,716,285</u>	<u>9,333,272</u>
General Revenues:								
Taxes - Real Property					862,001	-	-	862,001
Interest Income					1,840	12,731	13,084	27,655
Gain (Loss) on Disposal					7,188	(23,300)	(11,355)	(27,467)
Total General Revenues					<u>871,029</u>	<u>(10,569)</u>	<u>1,729</u>	<u>862,189</u>
Changes in Net Position					5,692,814	2,784,633	1,718,014	10,195,461
Net Position - Beginning					<u>72,903,224</u>	<u>23,532,541</u>	<u>5,101,571</u>	<u>101,537,336</u>
Net Position - Ending					<u>\$ 78,596,038</u>	<u>\$ 26,317,174</u>	<u>\$ 6,819,585</u>	<u>\$ 111,732,797</u>

Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A – Reporting Entity

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

Component Units:

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

Discretely Presented Component Units

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

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

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

Eastern Upper Peninsula Transportation Authority – The members of the governing board of the Transportation Authority are appointed as follows: three members by Chippewa County and two members by Luce County. The County exercises oversight responsibility and has accountability of fiscal matters. The Transportation Authority has a September 30, 2021 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, 2021.

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

B – Government-Wide and Fund Financial Statements

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Taxes Receivable

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

Although the County of Chippewa 2020 ad valorem tax is levied and collectible on December 1, 2021, and 2021 ad valorem tax is levied and collectible on July 1, 2021, 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, 2020 taxable valuation of the County of Chippewa totaled \$1,179,042,614 on which ad valorem taxes levied consisted of .4275 mills for fire/ambulance services, .9879 mills for roads, .5000 mills for recycling, .4994 mills for senior program and .1000 mills for animal shelter. These amounts are recognized in the respective Special Revenue Funds, Debt Service Funds, and Component Units financial statements as revenue.

The July 1, 2021 taxable valuation of the County of Chippewa totaled \$1,204,975,422 on which ad valorem taxes levied consisted of 6.1500 mills for the General Fund. This amount is recognized in the General Fund as revenue.

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

The County reports the following major governmental funds:

General Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health Department Fund

This fund accounts for health services and related grant funds.

Senior Nutrition Fund

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

Ambulance Fund

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

Chippewa County Recycling Fund

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

ARPA Fund

This fund accounts for the activities of the County's American Recover Plan Act grant.

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. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

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

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

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

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

NOTE 3 - CASH AND INVESTMENTS

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

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Cash and Investments					
-Unrestricted	\$ 11,275,498	\$ 11,103,429	\$ 22,378,927	\$ -	\$ 5,130,960
-Restricted	<u>206,614</u>	<u>-</u>	<u>206,614</u>	<u>19,032,528</u>	<u>2,535,878</u>
Total	<u>\$ 11,482,112</u>	<u>\$ 11,103,429</u>	<u>\$ 22,585,541</u>	<u>\$ 19,032,528</u>	<u>\$ 7,666,838</u>

The breakdown between deposits is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Component Units</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 22,570,936	\$ 1,648,067	\$ 7,665,388
Petty Cash and Cash on Hand	14,605	-	1,450
Investments	<u>-</u>	<u>17,384,461</u>	<u>-</u>
Total	<u>\$ 22,585,541</u>	<u>\$ 19,032,528</u>	<u>\$ 7,666,838</u>

Investments:

<u>Description</u>	<u>Fair Value</u>	<u>Maturity in Years</u>			<u>S&P Rating</u>
		<u>Less Than 1</u>	<u>1 – 5</u>	<u>6 – 10</u>	
Equity Mutual Funds*	<u>17,384,461</u>	<u>-</u>	<u>-</u>	<u>-</u>	Unavailable
Total Investments	<u>\$ 17,384,461</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Investment and Deposit Risk –Primary Government

Interest rate risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the following list of authorized investments. The County’s investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

Custodial deposit credit risk. Custodial deposit credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned. State law does not require and the County does not have a policy for deposit custodial credit risk. As of year end, \$19,793,289 of the County’s bank balance of \$21,182,273 was exposed to credit risk because it was uninsured and uncollateralized.

Custodial investment credit risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2021, none of the County’s investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the County’s name by the counter party.

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, 2021:

- Investments held in the MERS Investment Services Program, which are primarily mutual funds used to fund retiree defined benefit pensions, with a balance of \$17,384,461 are valued using level 2 inputs.

Statutory Authority:

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

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

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

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, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 231,810	\$ -	\$ -	\$ 231,810
Construction in Progress	<u>-</u>	<u>123,018</u>	<u>-</u>	<u>123,018</u>
Subtotal	<u>231,810</u>	<u>123,018</u>	<u>-</u>	<u>354,828</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	209,400	-	-	209,400
Buildings and Improvements	19,614,163	11,659	-	19,625,822
Furniture and Equipment	4,581,210	73,503	-	4,654,713
Vehicles	<u>1,041,470</u>	<u>236,746</u>	<u>107,368</u>	<u>1,170,848</u>
Subtotal	<u>25,446,243</u>	<u>321,908</u>	<u>107,368</u>	<u>25,660,783</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	155,790	4,260	-	160,050
Buildings and Improvements	10,766,029	404,789	-	11,170,818
Furniture and Equipment	3,734,034	164,329	-	3,898,363
Vehicles	<u>746,698</u>	<u>117,755</u>	<u>105,451</u>	<u>759,002</u>
Subtotal	<u>15,402,551</u>	<u>691,133</u>	<u>105,451</u>	<u>15,988,233</u>
Net Capital Assets Being Depreciated	<u>10,043,692</u>	<u>(369,225)</u>	<u>(1,917)</u>	<u>9,672,550</u>
Capital Assets - Net	<u>\$ 10,275,502</u>	<u>\$ (246,207)</u>	<u>\$ (1,917)</u>	<u>\$ 10,027,378</u>

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

Health and Welfare	\$ 81,419
Unallocated	<u>609,714</u>
Total	<u>\$ 691,133</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Chippewa County Road Commission year ended December 31, 2021, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital Assets Not Being Depreciated</i>				
Land and Improvements	\$ 373,230	\$ -	\$ 3,072	\$ 370,158
Land/Improvements - Infrastructure	<u>58,969,116</u>	<u>1,697,416</u>	<u>-</u>	<u>60,666,532</u>
Subtotal	<u>59,342,346</u>	<u>1,697,416</u>	<u>-</u>	<u>61,036,690</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	5,265,253	768,875	103,271	5,930,857
Road Equipment	16,739,783	1,143,200	525,026	17,357,957
Shop Equipment	275,802	63,655	15,809	323,648
Office Equipment	79,467	-	1,390	78,077
Engineers' Equipment	67,122	33,088	-	100,210
Depletable Assets	1,228,438	81,200	-	1,309,638
Infrastructure – Roads	45,866,984	1,536,447	1,631,579	45,771,852
Infrastructure – Bridges	<u>22,196,461</u>	<u>-</u>	<u>-</u>	<u>22,196,461</u>
Subtotal	<u>91,719,310</u>	<u>3,626,465</u>	<u>2,277,075</u>	<u>93,068,700</u>
<i>Less Accumulated Depreciation</i>				
Buildings	3,126,864	139,627	98,456	3,168,035
Road Equipment	14,027,551	1,135,665	525,025	14,638,191
Shop Equipment	273,580	5,294	15,809	263,065
Office Equipment	72,784	5,528	1,390	76,922
Engineers' Equipment	66,104	678	-	66,782
Depletable Assets	455,399	3,820	-	459,219
Infrastructure – Roads	21,079,829	2,477,742	1,631,579	21,925,992
Infrastructure – Bridges	<u>10,114,039</u>	<u>399,507</u>	<u>-</u>	<u>10,513,546</u>
Subtotal	<u>49,216,150</u>	<u>4,167,861</u>	<u>2,272,259</u>	<u>51,111,752</u>
Net Capital Assets Being Depreciated	<u>42,503,160</u>	<u>(541,396)</u>	<u>(4,816)</u>	<u>41,956,948</u>
Total Net Capital Assets	<u>\$ 101,845,506</u>	<u>\$ 1,156,020</u>	<u>\$ (7,888)</u>	<u>\$ 102,993,638</u>

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

Total Depreciation Expense – Public Works \$ 4,167,861

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Economic Development Corporation year ended December 31, 2021, was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,204,259	\$ 10,699	\$ 20,000	\$ 2,194,958
Construction in Progress	<u>400,668</u>	<u>775,293</u>	<u>245,714</u>	<u>930,247</u>
Subtotal	<u>2,604,927</u>	<u>785,992</u>	<u>265,714</u>	<u>3,125,205</u>
<i>Capital assets being depreciated:</i>				
Vehicles	2,919,856	-	-	2,919,856
Improvements	25,062,655	3,025,357	-	28,088,012
Buildings	11,292,139	62,000	97,800	11,256,339
Equipment	<u>4,510,534</u>	<u>98,718</u>	<u>150,000</u>	<u>4,459,252</u>
Subtotal	<u>43,785,184</u>	<u>3,186,075</u>	<u>247,800</u>	<u>46,723,459</u>
<i>Less accumulated depreciation:</i>				
Vehicles	1,834,536	191,205	-	2,025,741
Improvements	13,750,475	1,283,152	-	15,033,627
Buildings	6,641,776	343,209	82,723	6,902,262
Equipment	<u>3,175,734</u>	<u>222,200</u>	<u>88,750</u>	<u>3,309,184</u>
Subtotal	<u>25,402,521</u>	<u>2,039,766</u>	<u>171,473</u>	<u>27,270,814</u>
Net Capital Assets Being Depreciated	<u>18,382,663</u>	<u>1,146,309</u>	<u>76,327</u>	<u>19,452,645</u>
Capital assets – Net of depreciation	<u>\$ 20,987,590</u>	<u>\$ 1,932,301</u>	<u>\$ 342,041</u>	<u>\$ 22,577,850</u>

Depreciation expense was charged to business-type activities for the Economic Development Corporation in the amount of \$2,039,766.

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets activity for the Eastern Upper Peninsula Transportation Authority year ended September 30, 2021, was as follows:

	<u>Beginning Balances</u>	<u>Additions/ Adjustments</u>	<u>Deductions/ Adjustments</u>	<u>Ending Balances</u>
<i>Capital assets not being depreciated:</i>				
Land	\$ 515,694	\$ -	\$ -	\$ 515,694
Construction in Progress	<u>877,621</u>	<u>1,133,881</u>	<u>(765,122)</u>	<u>1,246,380</u>
Subtotal	<u>1,393,315</u>	<u>1,133,881</u>	<u>(765,122)</u>	<u>1,762,074</u>
<i>Capital assets being depreciated:</i>				
EUPTA Assets	8,619	2,051	-	10,670
Busing Assets	1,032,163	168,582	(308,172)	892,573
Ferry Assets	<u>21,903,933</u>	<u>1,049,157</u>	<u>(920,446)</u>	<u>22,032,644</u>
Subtotal	<u>22,944,715</u>	<u>1,219,790</u>	<u>(1,228,618)</u>	<u>22,935,887</u>
<i>Less accumulated depreciation for:</i>				
EUPTA Assets	(5,819)	(1,465)	-	(7,284)
Busing Assets	(742,726)	(100,150)	307,688	(535,188)
Ferry Assets	<u>(14,472,151)</u>	<u>(849,598)</u>	<u>909,575</u>	<u>(14,412,174)</u>
Subtotal	<u>(15,220,696)</u>	<u>(951,213)</u>	<u>1,217,263</u>	<u>(14,954,646)</u>
Net Capital Assets Being Depreciated	<u>7,724,019</u>	<u>268,577</u>	<u>(11,355)</u>	<u>7,981,241</u>
Capital Assets - Net	<u>\$ 9,117,334</u>	<u>\$ 1,402,458</u>	<u>\$ (776,477)</u>	<u>\$ 9,743,315</u>

Depreciation expense was charged to business-type activities for the Eastern Upper Peninsula Transportation Authority in the amount of \$951,213.

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 FROM OTHER FUNDS		
		General	Nonmajor Governmental	Totals
DUE TO OTHER FUNDS	General	\$ 1,014	\$ -	\$ 1,014
	Nonmajor Governmental	271,988	7,547	279,535
	Nonmajor Enterprise	223	-	223
	Internal Service	201,565	-	201,565
	Total	\$ 474,790	\$ 7,547	\$ 482,337

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

		TRANSFERS (OUT)					
		General	Ambulance	Nonmajor Governmental	Tax Collection	Nonmajor Enterprise	Total
TRANSFERS IN	General	\$ 97,251	\$ -	\$ 38,938	\$ 636,139	\$ 38,042	\$ 810,370
	Nonmajor Governmental	549,234	177,699	-	-	-	726,933
	Tax Collections	-	-	-	3,549,177	-	3,549,177
	Total	\$ 646,485	\$ 177,699	\$ 38,938	\$ 4,185,316	\$ 38,042	\$ 5,086,480

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

NOTE 6 - LONG-TERM DEBT

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

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities							
2000 Chippewa Co. Water Supply System Bonds (Series A)	4.50%	2036	\$ 286,958	\$ -	\$ 13,000	\$ 273,958	\$ 14,000
2013 City of Sault Ste. Marie Refunding Bonds	2.00% to 4.50%	2029	4,615,000	-	405,000	4,210,000	425,000
2011 City of Sault Ste. Marie Refunding Bonds	2.00% to 3.63%	2022	<u>500,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Total Governmental Activities			<u>\$ 5,401,958</u>	<u>\$ -</u>	<u>\$ 668,000</u>	<u>\$ 4,733,958</u>	<u>\$ 689,000</u>

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

<u>Year End December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 689,000	\$ 188,993
2023	465,000	164,405
2024	490,000	145,730
2025	516,000	130,188
2026	547,000	109,446
2027-2031	1,926,000	191,001
2032-2036	<u>100,958</u>	<u>10,095</u>
Total	<u>\$ 4,733,958</u>	<u>\$ 939,858</u>

Interest expense of the primary government was unallocated in the amount of \$231,413.

Vested Employee Benefits

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

	<u>Beginning Balances</u>	<u>Net (Deductions)/ Additions</u>	<u>Ending Balances</u>
Vested Employee Benefits	<u>\$ 502,609</u>	<u>\$ (27,148)</u>	<u>\$ 475,461</u>

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	\$ 301,696
Sick Leave	172,220
Other	<u>1,545</u>
TOTALS	<u>\$ 475,461</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment payable secured by equipment, payable in monthly installments of \$12,103 including interest of 3.31%, due 2023.	\$ 325,974	\$ -	\$ 186,375	\$ 139,599	\$ 139,599
Installment payable secured by equipment, payable in monthly installments of \$3,598 including interest of 3.25%, due 2025.	180,521	-	37,869	142,652	39,121
Installment payable secured by equipment, payable in monthly installments of \$4,226 including interest of 3.25%, due 2025.	208,364	-	44,600	163,764	46,077
Note payable to bank, secured by equipment, payable in monthly installments of \$17,693 including interest of 2.30%, due 2025.	<u>555,775</u>	<u>-</u>	<u>219,417</u>	<u>336,358</u>	<u>206,337</u>
Subtotal	1,270,634	-	488,261	782,373	<u>\$ 431,134</u>
Compensated Absences - net decrease	<u>118,849</u>	<u>16,023</u>	<u>-</u>	<u>134,872</u>	
TOTAL LONG-TERM DEBT	<u>\$ 1,389,483</u>	<u>\$ 16,023</u>	<u>\$ 488,261</u>	<u>\$ 917,245</u>	

NOTE 6 - LONG-TERM DEBT (Continued)

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 431,134	\$ 18,806	\$ 449,940
2023	218,029	7,216	225,245
2024	90,912	2,970	93,882
2025	<u>42,298</u>	<u>368</u>	<u>42,666</u>
Total	<u>\$ 782,373</u>	<u>\$ 29,360</u>	<u>\$ 811,733</u>

NOTE 7 - RISK MANAGEMENT

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The government was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The County joined together with other governments and created a public entity risk pool currently operating as a common risk management and insurance program. The government pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$75,000 for each insured event.

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

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

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

NOTE 8 - CONTINGENT LIABILITIES

Grants

The County has received significant financial assistance from state and federal agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the County. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2021.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

Primary Government

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

Funding Policy. Contribution requirements also are negotiated between the County and employees at varying levels. The County contributes to the cost of current-year premiums for eligible retired plan members. For plan year 2021, the County contributed \$1,204,519 to the plan. Total member contributions were \$0.

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 between 1/1/85 - 5/31/05
 - 20 years of service/55 years old 100% coverage – lifetime benefit.
 - 15 years of service/55 years old 75% coverage - lifetime benefit.
 - 10 years of service/50 years old 50% coverage - lifetime benefit.
- Hired on or after 6/1/05
 - No retiree health care provided.

Central Dispatch and Senior Dispatcher:

- Hired Prior to 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 1/1/08
 - No retiree health care provided. There is one exception for one employee.

Road Patrol and Corrections:

- Hired Prior to 2006
 - 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 1/1/06
 - No retiree health care provided.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

As of Actuarial date 1/1/20, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	61
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>39</u>
 Total participants covered by OPEB Plan	 <u>100</u>

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

Total OPEB Liability and Net OPEB Liability

The County’s total OPEB liability of \$14,773,533 was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2020.

As of December 31, 2021, there was \$14,207,163 in assets in the County’s OPEB trust, in MERS Large Cap Blend.

Actuarial assumptions and other inputs

The total OPEB liability in the January 1, 2020 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	
- 2020 (Pre 65 / Post 65)	8.25% / 6.50%
- 2021 Trend	8.00% / 6.25%
- Decrement	0.25%
- Ultimate Trend	4.50%
- Year Ultimate Trend is Reached	2035
Return on Plan Assets	5.00%
Salary Increases	3.50%
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006).

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, 2021 are summarized in the following table:

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Significant Changes from the Previous Actuarial Valuation

- Decreasing the discount rate from 6.00% to 5.00%.
- Trend rates were advanced and the current year rate was adjusted to reflect actual experience.
- Mortality assumption changed from RP-2000 Projected 10 Years using Projection Scale AA to SOA RP 2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006)
- Morbidity factors were adjusted to reflect rates that better reflect expected underlying costs.
- The payroll growth rate was increased from 2.00% to 3.50% to conform with the State of Michigan requirements.

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 County contributions. Based on this assumptions, 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.

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at December 31, 2020	\$ 15,135,589	\$ 11,585,231	\$ 3,550,358
Service cost	111,780	-	111,780
Interest	714,465	-	714,465
Changes in assumptions	(504,291)	-	(504,291)
Difference between expected and actual experience	-	-	-
Contributions - Employer	-	1,204,519	(1,204,519)
Net investment income	-	2,009,206	(2,009,206)
Benefit payments	(684,010)	(568,380)	(115,630)
Administrative expense	-	(23,413)	23,413
Other Changes	-	-	-
Net changes	<u>(362,056)</u>	<u>2,621,932</u>	<u>(2,983,988)</u>
Balances as December 31, 2021	<u>\$ 14,773,533</u>	<u>\$ 14,207,163</u>	<u>\$ 566,370</u>

Covered payroll was \$2,257,456.

Actuarial determined contributions as percentage of covered payroll was 6.64%.

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

The December 31, 2021 valuation was prepared using a discount rate of 5.00%. If the discount rate were 1% higher than what was used in this valuation, the net OPEB Liability would decrease. If the discount rate were 1% lower than what was used in this valuation, the net OPEB Liability would increase.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

<u>Discount</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$16,348,731	\$14,773,533	\$13,827,600
<u>Trend</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$13,099,411	\$14,773,533	\$16,670,462

For the year ended December 31, 2021, the County recognized an OPEB expense as follows:

Service Cost	\$ 111,780
Interest on total OPEB liability	714,465
Projected earnings on plan investments	644,810
Deferred outflows/inflows from experiences	(158,077)
Deferred outflows/inflows from assumption changes	2,163,669
Deferred outflows/inflows from investments (gains) or losses	(631,136)
Investment fees	<u>23,411</u>
Net OPEB Expense	<u>\$ 2,868,922</u>

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

At December 31, 2021, the County reported deferred outflows / inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 107,492
Changes in assumptions	412,735	204,118
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>2,033,973</u>
Total	<u>\$ 412,735</u>	<u>\$ 2,345,583</u>

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

<u>Year Ended December 31:</u>	
2021	\$ (530,011)
2022	(631,136)
2023	(475,695)
2024	<u>(296,006)</u>
	<u>\$ (1,932,848)</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Chippewa County Health Department

Plan Description. The Health Department administers a single-employer healthcare plan (“the Retiree Health Plan”). The plan provides 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 Health Department and employees. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy. Contribution requirements also are negotiated between the Health Department and employees. The Health Department contributes to the cost of current-year premiums for eligible retired plan members. For plan year ended December 31, 2020, the Health Department contributed \$489,731 to the plan. Total member contributions were \$0.

Eligibility and Benefits.

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
10 years of service/50 years old	50% coverage - lifetime benefit
Hired between 1/1/85-12/31/04	
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 1/1/05	
No retiree health care provided	

Employees Covered by Benefit Terms

As of Actuarial date 1/1/20, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	34
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>15</u>
 Total participants covered by OPEB Plan	 <u><u>49</u></u>

The Department’s OPEB Plan is closed to new entrants.

Total OPEB Liability and Net OPEB Liability

The Department’s total OPEB liability of \$7,786,520 was measured as of December 31, 2020, and was determined by an actuarial valuation as of January 1, 2020.

As of December 31, 2020, there was \$2,029,730 in assets in the Department’s OPEB trust, primarily in MERS CAPITAL APPR PORT and MERS TOTAL MARKET PORTFOLIO at 50.10% and 49.90% respectively.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions and other inputs.

The total OPEB liability in the January 1, 2020 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	
- 2019 (Pre 65 / Post 65 / Rx)	8.25% / 6.50%
- 2020 Trend	8.00% / 6.25%
- Decrement	0.25%
-Ultimate Trend	5.00%
- Year Ultimate Trend is Reached	2035
Return on Plan Assets	5.00%
Salary Increases	3.50%
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2020 (Base Rate 2006.)

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, 2020.

Significant Changes from the Previous Actuarial Valuation

- Decreasing the discount rate from 6.00% to 5.00%
- Trend rates were advanced, and the current year rate was adjusted to reflect actual experience
- Mortality assumptions changed from RP-2000 Projected 10 Years using scale AA to SOA RP-2014 total dataset mortality with scale MP-2018 (Base year 2006)
- Morbidity factors were adjusted to reflect rates that reflect expected underlying costs.
- The payroll growth rate was increased from 2.00% to 3.50 to confirm with the state of Michigan requirements

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 County contributions. Based on this assumptions, 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.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at December 31, 2019	\$ 6,554,610	\$ 1,666,429	\$ 4,888,181
Service cost	48,090	-	48,090
Interest	377,692	-	377,692
Changes in Assumptions	823,441	-	823,441
Difference between expected and actual experience	368,876	-	368,876
Difference between actual and expected investment income	-	-	-
Contributions - Employer	-	489,731	(489,731)
Net investment income	-	252,246	(252,246)
Benefit payments	(386,189)	(375,579)	(10,610)
Other Changes	-	-	-
Administrative expense	-	(3,097)	3,097
Net changes	<u>1,231,910</u>	<u>363,301</u>	<u>868,609</u>
Balances as December 31, 2020	<u>\$ 7,786,520</u>	<u>\$ 2,029,730</u>	<u>\$ 5,756,790</u>

Covered payroll was \$691,983.

Total OPEB Liability as a percentage of covered payroll was 1,157.9%.

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

The January 1, 2020 valuation was prepared using a discount rate of 5.00%. If the discount rate were 1% higher than what was used in this valuation, the net OPEB Liability would decrease. If the discount rate were 1% lower than what was used in this valuation, the Net OPEB Liability would increase.

<u>Discount</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$8,728,318</u>	<u>\$7,786,520</u>	<u>\$6,989,337</u>
<u>Trend</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$6,913,335</u>	<u>\$7,786,520</u>	<u>\$8,815,522</u>

For the year ended September 30, 2020, the Health Department recognized an OPEB expense as follows:

Service Cost	\$ 48,090
Interest on total OPEB liability	377,692
Projected earnings on plan investments	(92,404)
Investment fees	3,097
Deferred outflows/inflows	-
Multiple	<u>515,907</u>
Net OPEB Expense	<u>\$ 852,382</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

At September 30, 2021, the Health Department reported deferred outflows / (inflows) of resources related to OPEB from the following sources:

Economic / Demographic Changes	\$ 231,236
Assumption Changes or Inputs	1,351,024
Investment Gains & Losses	(369,970)
Contributions Subsequent to Measurement Date	<u>254,560</u>
Net Deferred Out/(In)flow of resources	<u>\$ 1,466,850</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense with the exception of contributions subsequent to measurement date as follows:

Year Ended September 30:

2022	\$ 1,167,064
2023	189,862
2024	(112,667)
2025	<u>(31,969)</u>
	<u>\$ 1,212,290</u>

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 2021, the Corporation contributed \$92,827 to the plan. Total member contributions were \$0.

Employees Covered by Benefit Terms

As of December 31, 2021, 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	<u>1</u>
Total participants covered by OPEB Plan	<u><u>3</u></u>

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

Total OPEB Liability and Net OPEB Liability

The Corporation’s total OPEB liability of \$769,145 was measured as of December 31, 2021, and was determined by an actuarial valuation as of January 1, 2020.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions and other inputs.

The total OPEB liability in the January 1, 2020 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:	
Inflation rate (Pre 65 medical / Post 65 medical)	7.5% / 5.75%
Decrement	0.25%
Salary Increases	3.00%

Mortality rates: SOA RP-2010 Total Dataset Mortality with Scale MP-2019 (Base Rate 2006).

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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Short Term Bonds	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 assumptions, 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.

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at January 1, 2020	\$ 769,145	\$ 596,490	\$ 172,655
Service cost	4,700	-	4,700
Interest on total OPEB liability	35,277	-	35,277
Change in assumptions	(51,998)	-	(51,998)
Contributions - Employer	-	92,827	(92,827)
Net investment income	-	27,870	(27,870)
Benefit payments	(23,198)	(39,558)	16,360
Administrative expense	-	(1,130)	1,130
Net changes	(35,219)	80,009	(115,228)
Balances as of December 31, 2020	\$ 733,926	\$ 676,499	\$ 57,427

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

The January 1, 2020 valuation was prepared using a discount rate of 5.00%. If the discount rate were 1% higher than what was used in 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.

<u>Discount</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$812,179	\$733,926	\$686,934
<u>Trend</u>			
Total OPEB Liability	\$650,758	\$733,926	\$828,162

For the year ended December 31, 2021, the Corporation recognized an OPEB expense as follows:

Service Cost	\$ 4,700
Interest on total OPEB liability	35,277
Projected earnings on plan investments	113,261
Experience (gains) or losses	27,317
Changes in assumption	96,932
Net investment income	(1,815)
Investment fees	<u>4,248</u>
Net OPEB Expense	<u>\$ 279,920</u>

At December 31, 2021, the Corporation reported deferred outflows / inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 18,575	\$ -
Changes in assumptions	24,508	21,047
Net difference between projected and actual earnings on pension plan investments	<u>22,026</u>	<u>15,604</u>
Total	<u>\$ 65,109</u>	<u>\$ 36,651</u>

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

<u>Year Ended December 31:</u>	
2022	\$ 20,221
2023	(1,815)
2024	5,988
2025	<u>4,064</u>
	<u>\$ 28,458</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Chippewa County Road Commission

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

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

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

Funding Policy. Contribution requirements also are negotiated between the Road Commission and employees. The Road Commission contributes 100% of the cost of current-year premiums for eligible retired plan members. For fiscal

year 2021, the Road Commission contributed \$1,829,566 to the plan. There are no long-term contracts for contributions to the plan.

Employees Covered by Benefit Terms

As of December 31, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	69
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>68</u>
Total participants covered by OPEB Plan	<u>137</u>

Total OPEB Liability and Trust Assets - The Road Commission’s total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of December 31, 2021.

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of December 31, 2021 and the following actuarial assumptions, applies to all periods included in the measurement:

Inflation	1.75%
Salary Increases	4.00%
Investment rate of return	6.16% including inflation
Discount rate	6.16%
20 year Aa Municipal Bond Rate	2.25%
Mortality	2010 Public General Employees and Healthy Retirees, with MP-2019 mortality improvement scale.

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 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, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Large Cap US	24%	6.05%
Mid Cap US	4	6.50
Small Cap US	4	5.80
International Equities	25	5.05
Emerging Mkt Equity	8	6.65
Short Term Fixed Inc.	14	1.25
US Fixed Inc.	9	1.65
International Fixed Inc.	2	1.45
Inflation – Linked	2	2.35
High Yield	4	3.25
Precious Metals (Commodities)	4	3.65

The sum of each target allocation times its long-term expected rate results in a long-term expected rate of return of 6.16%.

Discount Rate - The discount rate used to measure the total OPEB liability was 6.16%. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make annual contributions of \$750,000 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 crossover point or “*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.

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at December 31, 2019	\$ 18,343,916	\$ 2,932,094	\$ 15,411,822
Service cost	106,750	-	106,750
Interest	1,075,225	-	1,075,225
Experience (gains)/losses	(3,859,812)	-	(3,859,812)
Change in actuarial assumptions	(691,997)	-	(691,997)
Change in Plan Terms	73,308	-	73,308
Contributions to OPEB trust	-	650,000	(650,000)
Contributions/benefit paid from general operating funds	-	1,179,566	(1,179,566)
Net investment income	-	229,438	(229,438)
Benefit payments including refunds of employee contributions	(1,179,566)	(1,179,566)	-
Administrative expense	-	(32,669)	32,669
Net changes	<u>(4,476,092)</u>	<u>846,769</u>	<u>(5,322,861)</u>
Balances as December 31, 2020	<u>\$ 13,867,824</u>	<u>\$ 3,778,863</u>	<u>\$ 10,088,961</u>

Net OPEB Liability – Discount and Trend Rate Sensitivities – The following presents the net OPEB Liability (NOL) of the Road Commission, calculated using trend and discount rates 1% higher and lower than base assumptions:

	Discount		
	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	<u>\$11,457,298</u>	<u>\$10,088,961</u>	<u>\$8,920,587</u>
	Trend		
	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	<u>\$8,849,605</u>	<u>\$10,088,961</u>	<u>\$11,535,914</u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense

Components of Road Commission’s OPEB Expense for the fiscal year ending December 31, 2021 are as follows:

Service Cost	\$ 106,750
Interest on Total OPEB Liability	1,075,225
Experience (Gains)/Losses	(983,623)
Changes in Plan Terms	73,308
Changes of Assumptions	(2,614,940)
Projected Earnings on OPEB Plan Investments	(195,094)
Investment Earnings (Gains)/Losses	(85,871)
Administrative Expenses	<u>32,669</u>
 Total OPEB Expense	 <u>\$ (2,591,576)</u>

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Experience (Gains)/Losses	\$ 5,396	\$ 3,022,969
Changes in Assumptions	-	2,065,962
Investment Earnings (Gains)/Losses	-	<u>273,365</u>
 Total	 <u>\$ 5,396</u>	 <u>\$ 5,362,296</u>

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

<u>Year Ended December 31:</u>	
2022	\$ (2,715,497)
2023	(1,200,281)
2024	(1,146,433)
2025	(294,689)

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, 2020.

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	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)
02 – County Corrections: Closed to new hires, linked to Division HB	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

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

	<u>2019 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

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

	<u>2020 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2020 Valuation</u>
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25 55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for 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

	<u>2020 Valuation</u>
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

	<u>2020 Valuation</u>
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

	<u>2020 Valuation</u>
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 after 4/1/11: Open Division, Linked to Division 11

	<u>2020 Valuation</u>
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

	<u>2020 Valuation</u>
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

	<u>2020 Valuation</u>
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 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	184
Inactive employees entitled to but not yet receiving benefits	95
Active employees	<u>146</u>
	425

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, 2021 are as follows:

01	\$ 36,200	HA	\$ -
02	15,290	HB	1,999
11	14,312	HC	6,853
15	28,959	HD	-
16	38,934	HE	217
20	12,598	HF	2,660

Net Pension Liability

The County’s net pension liability was measured as of December 31, 2021, with the exception of the Health Department which is measured at December 31, 2020, due to the funds September 30, 2021 year end. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020.

Actuarial Assumptions. The total pension liability in the December 31, 2020 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	7.35%, net of investment expense, including inflation

Mortality rates used were based on the Pub-2010 Annual Mortality Table.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study’s covering the period from December 31, 2009, through December 31, 2017, and December 31, 2014, through December 31, 2018.

Significant Changes from the Previous Actuarial Valuation:

- Mortality assumptions changed from RP-2014 Group Annuity Mortality Tables to the Pub-2010 Annual Mortality Tables.

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%	3.15%
Global Fixed Income	20.0%	0.25%
Private Investments	20.0%	1.45%

Discount Rate. The discount rate used to measure the total pension liability is 7.6%. 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:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2020 (HD 2019)	\$ 48,119,159	\$ 32,886,576	\$ 15,232,583
Service cost	482,863	-	482,863
Interest on total pension liability	3,563,172	-	3,563,172
Changes in benefits	-	-	-
Difference between expected and actual experience	1,225,430	-	1,225,430
Changes in assumptions	2,170,758	-	2,170,758
Employer contributions	-	2,213,940	(2,213,940)
Employee contributions	-	85,467	(85,467)
Net investment income	-	4,419,677	(4,419,677)
Benefit payments, including employee refunds	(3,100,956)	(3,100,956)	-
Administrative expense	-	(55,951)	55,951
Other changes	138,353	(48,455)	186,808
Net changes	<u>4,479,620</u>	<u>3,513,722</u>	<u>965,898</u>
Balances at December 31, 2021 (HD 2020)	<u>\$ 52,598,779</u>	<u>\$ 36,400,298</u>	<u>\$ 16,198,481</u>

The Changes in the Net Pension Liability for the Chippewa County Health Department, included in the chart above, are reported as of the measurement date December 31, 2020. The fiscal year-end of the health department is September 30, 2020 which prevents us from reporting the Plan at the same measurement date of the remainder of the primary government. The Pension Liability, Plan Fiduciary Net Position, and Net Pension Liability for the health department are \$14,800,259, \$9,279,534, and \$5,520,725, respectively.

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 7.6%, 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 (6.6%) or 1-percentage-point higher (8.6%) than the current rate:

	1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
County’s net pension liability	\$22,301,668	\$16,198,481	\$11,073,143

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, 2021, the County recognized pension expense of \$2,587,540. At December 31, 2021, 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	\$ 947,235	\$ 49,167
Changes in assumptions	2,087,175	-
Net difference between projected and actual earnings on pension plan investments	-	2,237,264
Contributions subsequent to the measurement date	341,348	-
Total	\$ 3,375,758	\$ 2,286,431

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

<u>Year Ended December 31:</u>	
2022	\$ 1,126,363
2023	765,521
2024	(741,393)
2025	(402,512)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Chippewa County Road Commission

Description of Plan and Plan Assets

The Road Commission is in an agent multiple-employer defined benefit pension plan with the Municipal Employees’ Retirement System (MERS). The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by the sum of 2.25% times the final compensation (FAC). The most recent period of which actuarial data was available was for year ended December 31, 2020.

General Information about the Pension Plan

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

01 – General: Closed Division	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/20/1970)
02 – General: Open Division	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	2%
Act 88:	Yes (Adopted 2/1/2004)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Employees Covered by Benefit Terms

At December 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	88
Inactive employees entitled to but not yet receiving benefits	6
Active employees	66
	160

Funding Policy

The obligation to contribute to and maintain the system for these employees was established by negotiation with the Road Commission’s competitive bargaining unit and personnel policy, which require employees to contribute to the plan. The Road Commission is required to contribute at an actuarially determined monthly amount for 2021 was \$98,743.

Net Pension Liability

The Road Commission’s net pension liability was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.50%
Investment rate of return	7.35%, net of interest and administrative expense including inflation

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 of January 1, 2014, through December 31, 2018.

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%	5.25%
Global Fixed Income	20%	1.25%
Private Investments	20%	7.25%

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Discount Rate. The discount rate used to measure the total pension liability is 7.6%. 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, 2020	\$ 21,915,405	\$ 11,158,189	\$ 10,757,216
Service cost	367,323	-	367,323
Interest on total pension liability	1,623,235	-	1,623,235
Changes in assumptions	(131,286)	-	(131,286)
Difference between expected and actual experience	513,219	-	513,219
Employer contributions	-	1,245,140	(1,245,140)
Employee contributions	-	62,753	(62,753)
Net investment income	-	1,562,843	(1,562,843)
Benefit payments, including employee refunds	(1,481,420)	(1,481,420)	-
Administrative expense	-	(17,926)	17,926
Other changes	(47,127)	-	(47,127)
Net changes	843,944	1,371,390	(527,446)
Balances as of December 31, 2021	\$ 22,759,349	\$ 12,529,579	\$ 10,229,770

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 7.60%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Road Commission’s net pension liability	\$12,756,891	\$10,229,770	\$8,092,218

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the Road Commission recognized pension expense of \$1,148,197. At December 31, 2021, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 12,882	\$ -
Changes in assumptions	676,989	-
Net difference between projected and actual earnings on pension plan investments	-	945,659
Total	<u><u>\$ 689,871</u></u>	<u><u>\$ 945,659</u></u>

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

<u>Year Ended December 31:</u>	
2021	\$ 186,405
2022	(112,740)
2023	(179,503)
2024	(149,950)

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, 2020.

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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 – EDC General: Closed to new hires, linked to Division 17	
	<u>2020 Valuation</u>
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.5% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

17 – EDC General after 12/1/13: Open Division, linked to 13	
	<u>2020 Valuation</u>
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)

Employees Covered by Benefit Terms

At December 31, 2021, 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	<u>9</u>
	16

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, 2021 was \$6,725 per month.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Net Pension Liability

The EDC’s net pension liability was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 percent in the Long Term
Investment rate of return	7.35 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, 2014, through December 31, 2018.

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%	5.25%
Global Fixed Income	20.0%	1.25%
Private Investments	20.0%	7.25%

Discount Rate. The discount rate used to measure the total pension liability is 7.6%. 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.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Changes in the Net Pension Liability:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2019	\$ 2,150,030	\$ 1,657,436	\$ 492,594
Service cost	47,185	-	47,185
Interest on total pension liability	161,282	-	161,282
Changes in benefits	-	-	-
Difference between expected and actual experience	49,021	-	49,021
Changes in assumptions	96,782	-	96,782
Employer contributions	-	80,698	(80,698)
Employee contributions	-	14,803	(14,803)
Net investment income	-	234,605	(234,605)
Benefit payments, including employee refunds	(102,993)	(102,993)	-
Administrative expense	-	(2,691)	2,691
Other changes	(12,606)	-	(12,606)
Net changes	238,671	224,422	14,249
Balances at December 31, 2020	\$ 2,388,701	\$ 1,881,858	\$ 506,843

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 7.60%, as well as what the EDC's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
EDC net pension liability	\$793,590	\$506,843	\$266,840

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended December 31, 2021, the Corporation recognized pension expense of \$93,617. At December 31, 2021, 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	\$ 36,850	\$ -
Changes in assumptions	83,921	-
Net difference between projected and actual earnings on pension plan investments	-	136,400
Total	\$ 120,771	\$ 136,400

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

<u>December 31:</u>	
2022	\$ 51,936
2023	(5,810)
2024	(39,124)
2025	(22,631)

Eastern Upper Peninsula Transportation Authority

Description of Plan and Plan Assets

The Authority is in the Municipal Employees' Retirement System (MERS), an agent multiple employer public employee retirement system that acts as a common investment and administrative agent for units of local government in Michigan. The system provides the following provisions: normal retirement, deferred retirement and service retirement to plan members and their beneficiaries. All full-time employees become a member of the System on the first day of employment and are completely vested after 10 years of service. Service retirement allowances are based upon percentages ranging from 1.5 to 2.25 percent of 3 to 5-year final average compensation depending on benefit program selected and social security coverage, etc. The most recent period of which actuarial data was available was for the fiscal year ended December 31, 2020.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

General Information about the Pension Plan

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

01 – General: Closed to new hires, linked to Division 11

	2020 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:	No

10 – Busing Union: Closed to new hires linked to Division 11

	2020 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:	No

11 – Gnrl & Busing Union aft 6/1/16: Open Division, linked to Division 01, 10

	2020 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:	No

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Employees Covered by Benefit Term. At the December 31, 2020 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>22</u>
	55

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS Retirement Board. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees. Employer contributions as of September 30, 2021 for General (closed) is \$46,811, Bussing (closed) \$5,229 and General & Bussing (open) is \$2,495.

Net Pension Asset. The employer’s Net Pension Liability was measured as of December 31, 2020, 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, 2020 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation: 2.5%

Salary Increases: 3.50% in the long-term, plus percentage based on age related scale.

Investment rate of return: 7.35%, net of investment expense, including inflation.

Although no specific price inflation assumptions are needed for the valuation, the assumed long-term annual rate of price inflation is 2.5%.

Significant Changes from the Previous Actuarial Valuation:

- Mortality assumption changed from RP-2014 Group Annuity Mortality Tables to the Pub-2010 Annual Mortality Tables.

Mortality rates used were based on the Pub-2010 Annual Mortality Table.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2014 – 2018.

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%	3.15%
Global Fixed Income	20.0%	0.25%
Private Investments	20.0%	1.45%

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Discount Rate. The discount rate used to measure the total pension liability is 7.60%. 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, 2019	\$ 12,732,183	\$ 5,427,547	\$ 7,304,636
Service cost	158,113	-	158,113
Interest on total pension liability	943,767	-	943,767
Difference between expected and actual experience	286,951	-	286,951
Changes in assumptions	385,454	-	385,454
Employer contributions	-	619,744	(619,744)
Net investment income	-	676,234	(676,234)
Benefit payments, including employee refunds	(786,499)	(786,499)	-
Administrative expense	-	(10,763)	10,763
Other changes	-	1	(1)
Net changes	987,786	498,717	489,069
Balances as of December 31, 2020	\$ 13,719,969	\$ 5,926,264	\$ 7,793,705

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 7.6%, 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 (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.6%)
Net Pension Liability at 12/31/20	-	\$7,793,705	-
Change in Net Pension Liability	\$1,590,901	-	(\$1,338,750)
Calculated Net Pension Liability	\$9,384,606	\$7,793,705	\$6,454,955

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

For the year ended September 30, 2021, the employer recognized pension expense of \$990,479. 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	\$ 212,666	\$ 15,175
Differences in assumptions	458,385	-
Excess (Deficit) Investment Returns	-	210,508
Contributions subsequent to the measurement date	490,447	-
Total	<u>\$ 1,161,498</u>	<u>\$ 225,683</u>

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, 2021.

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

<u>Year Ended September 30:</u>	
2022	295,023
2023	324,850
2024	(117,738)
2025	(56,767)

NOTE 11 - DEFERRED COMPENSATION PLAN

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

NOTE 12 - WATER FUND – RESTRICTED CASH

	<u>December 31, 2021</u>	
	<u>Required Balance</u>	<u>Actual Balance</u>
Bond Reserves		
Water Supply System Revenue Bond Series 2000	<u>\$ 34,600</u>	<u>\$ 34,600</u>
Repair, Replacement and Improvements		
Water Supply System Revenue Bond Series 2000	<u>\$ 39,925</u>	<u>\$ 39,925*</u>

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

NOTE 15 - FUND BALANCES

	<u>General</u>	<u>Health Department</u>	<u>Senior Nutrition</u>	<u>Ambulance</u>	<u>County Recycling</u>	<u>Nonmjo r Governmental</u>	<u>Total</u>
Nonspendable:							
Prepaid Items and Inventory	\$ 124,420	\$ 44,965	\$ -	\$ -	\$ -	\$ 28,133	\$ 197,518
Restricted for:							
Public Safety	-	-	-	-	-	887,427	887,427
Judical	-	-	-	-	-	1,687	1,687
Public Works	-	-	-	-	-	74,355	74,355
Health and Welfare	-	97,659	2,915	-	-	326,334	426,908
Bond Retirement	-	-	-	-	-	34,600	34,600
Committed:							
Public Works	-	-	-	-	-	7,503	7,503
Assigned:							
Judicial	-	-	-	-	-	306,092	306,092
General Government	12,856	-	-	-	-	144,157	157,013
Public Safety	-	-	-	-	-	501,496	501,496
Health and Welfare	-	2,127,478	-	-	-	210	2,127,688
Public Works	-	-	-	-	303,614	24,943	328,557

Required Supplementary Information

**Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended December 31, 2021**

	2021	2020	2019	2018	2017	2016	2015
Total pension liability							
Service cost	\$ 482,863	\$ 605,128	\$ 639,114	\$ 634,541	\$ 658,712	\$ 684,077	\$ 688,332
Interest	3,563,172	3,365,920	3,461,811	3,385,669	3,265,125	3,009,234	2,979,321
Difference between expected and actual experience	1,225,430	239,477	(154,500)	(333,125)	96,527	166,122	-
Change in assumptions	2,170,758	1,280,006	-	-	-	1,584,621	-
Benefit payments, including refund of member contributions	(3,100,956)	(2,987,121)	(2,767,443)	(2,556,950)	(2,287,670)	(2,184,386)	(2,035,612)
Net transfers	-	-	-	-	-	(27,518)	-
Other changes	138,353	136,328	(36,367)	(75,393)	(79,187)	26,654	(48,905)
Net change in total pension liability	4,479,620	2,639,738	1,142,615	1,054,742	1,653,507	3,258,804	1,583,136
Total pension liability - beginning	48,119,159	45,479,421	44,336,806	43,282,064	41,628,557	38,369,753	36,786,617
Total pension liability - ending	<u>\$ 52,598,779</u>	<u>\$ 48,119,159</u>	<u>\$ 45,479,421</u>	<u>\$ 44,336,806</u>	<u>\$ 43,282,064</u>	<u>\$ 41,628,557</u>	<u>\$ 38,369,753</u>
Plan fiduciary net position							
Contributions - employer	\$ 2,213,940	\$ 1,525,024	\$ 1,775,846	\$ 1,608,967	\$ 1,477,710	\$ 1,149,992	\$ 1,169,588
Contributions - employee	85,467	92,163	101,006	101,742	111,720	158,580	127,301
Net investment income	4,419,677	3,875,792	2,310,083	335,193	3,383,628	1,825,377	264,835
Benefit payments, including refunds of member contributions	(3,100,956)	(2,987,121)	(2,767,443)	(2,556,950)	(2,287,670)	(2,184,386)	(2,035,612)
Net transfers	-	-	-	-	42,151	(27,518)	-
Other Changes	(48,455)	48,448	-	-	-	-	-
Administrative expense	(55,951)	(63,027)	(63,684)	(58,248)	(57,209)	(57,545)	(58,964)
Net change in plan fiduciary net position	3,513,722	2,491,279	1,355,808	(569,296)	2,670,330	864,500	(532,852)
Plan fiduciary net position - beginning	32,886,576	30,395,297	29,039,489	29,608,775	26,938,445	26,073,945	26,606,797
Plan fiduciary net position - ending	<u>\$ 36,400,298</u>	<u>\$ 32,886,576</u>	<u>\$ 30,395,297</u>	<u>\$ 29,039,479</u>	<u>\$ 29,608,775</u>	<u>\$ 26,938,445</u>	<u>\$ 26,073,945</u>
County's net pension liability - ending	<u>\$ 16,198,481</u>	<u>\$ 15,232,583</u>	<u>\$ 15,084,124</u>	<u>\$ 15,297,327</u>	<u>\$ 13,673,289</u>	<u>\$ 14,690,112</u>	<u>\$ 12,295,808</u>
Plan fiduciary net position as a percentage of the total pension liability	69%	68%	67%	65%	68%	65%	68%
Covered - employee payroll	\$ 7,781,699	\$ 7,413,309	\$ 7,579,553	\$ 7,360,404	\$ 7,575,339	\$ 7,319,582	\$ 7,240,587
County's net pension liability as a percentage of covered-employee payroll	208%	205%	199%	208%	180%	201%	170%

County of Chippewa, Michigan

**Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Contributions
For the Year Ended December 31, 2021**

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 2,213,940	\$ 1,525,024	\$ 1,492,356	\$ 1,454,196	\$ 1,477,710	\$ 1,149,992	\$ 1,181,603
Contributions in relation to the actuarially determined contribution	<u>(2,213,940)</u>	<u>(1,525,024)</u>	<u>(1,775,846)</u>	<u>(1,608,967)</u>	<u>(1,477,710)</u>	<u>(1,149,992)</u>	<u>(1,169,588)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (283,490)</u>	<u>\$ (154,771)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,015</u>
Covered - employee payroll	\$ 7,781,699	\$ 7,413,309	\$ 7,579,553	\$ 7,360,404	\$ 7,575,339	\$ 7,319,582	\$ 4,907,159
Contributions as a percentage of covered-employee payroll	28%	21%	20%	20%	20%	16%	24%

Notes to Schedule:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	18 years
Asset valuation method	5-years smoothed market
Inflation	2.50%
Salary increases	3.00%, average, including inflation
Investment rate of return	7.35%, 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.

**Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Changes in the OPEB Liability and Related Ratios
Year Ended December 31, 2021**

	2021	2020	2019	2018
Total OPEB Liability - Beginning of Year	\$ 21,690,199	\$ 19,924,142	\$ 18,327,589	\$ 17,987,754
Service cost	159,870	136,528	114,754	153,104
Interest	1,092,157	1,110,707	1,272,839	1,463,014
Assumption changes and differences between actual and expected experience	319,150	4,296,304	1,370,953	335,885
Effect of economic/demographic gains or losses	368,876	(2,769,944)	(73,939)	(505,929)
Benefit payments	(1,070,199)	(1,007,538)	(1,088,054)	(1,049,927)
OPEB Liability - End of Year	<u>\$ 22,560,053</u>	<u>\$ 21,690,199</u>	<u>\$ 19,924,142</u>	<u>\$ 18,383,901</u>
Plan fiduciary net position				
Contributions - employer	\$ 1,694,250	\$ 1,804,222	\$ 1,855,878	\$ 1,684,225
Net investment income	2,261,452	1,701,352	1,710,877	1,081,405
Benefit payments	(943,959)	(1,023,959)	(1,049,412)	(1,017,435)
Administrative expense	(26,510)	(19,614)	(17,714)	(18,227)
Other Changes	-	-	94,555	-
Net change in plan fiduciary net position	2,985,233	2,462,001	2,594,184	1,729,968
Plan fiduciary net position - Beginning of Year	<u>\$ 13,251,660</u>	<u>\$ 10,789,659</u>	<u>\$ 8,195,475</u>	<u>\$ 6,869,164</u>
Plan fiduciary net position - End of Year	<u>\$ 16,236,893</u>	<u>\$ 13,251,660</u>	<u>\$ 10,789,659</u>	<u>\$ 8,599,132</u>
Net OPEB liability - End of Year	<u>\$ 6,323,160</u>	<u>\$ 8,438,539</u>	<u>\$ 9,134,483</u>	<u>\$ 9,784,769</u>
Plan fiduciary net position as a percentage of the total OPEB liability	72%	61%	54%	47%
Covered Payroll	\$ 2,949,439	\$ 2,797,300	\$ 2,891,706	\$ 3,646,510
Net OPEB liability as a percentage of covered payroll	214.39%	301.67%	315.89%	268.33%
Schedule of Employer Contributions				
Service cost	\$ 159,870	\$ 136,528	\$ 114,754	\$ 153,104
30 year amortization of NOL at 8.0%	492,903	1,411,937	1,630,679	1,671,807
Actuarially determined contribution	652,773	1,548,465	1,745,433	1,824,911
Actual Contribution	1,694,250	1,804,222	1,855,878	1,066,331
Contribution deficiency/(excess)	<u>\$ (1,041,477)</u>	<u>\$ (255,757)</u>	<u>\$ (110,445)</u>	<u>\$ 758,580</u>
Covered Payroll	\$ 2,949,439	\$ 2,797,300	\$ 2,891,706	\$ 3,646,510
ADC as a percentage of payroll	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.

Key Assumptions:

- Census Collection Date January 1, 2020
- Discount Rate 5.00%
- Healthcare Cost Trend Rates
 - 2020 (Pre 65 / Post 65) (8.25%) / (6.50%)
 - 2020 Trend 8.25%
 - Decrement 0.25%
 - Ultimate Trend 4.50%
 - Year Ultimate Trend is Reached 2035
- Return on Plan Assets 5.00%
- Salary Increases 3.50%
- Actuarial Cost Method Entry Age Normal
- Mortality rates were based on the SOA RP-2014 Total Dataset Mortality with Scale MP-2018 (Base Rate 2006).

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 7,790,712	\$ 7,790,712	\$ 7,966,234	\$ 175,522
Licenses and Permits	38,200	38,200	34,319	(3,881)
Federal Sources	691,137	724,519	773,300	48,781
State Sources	1,785,608	1,807,608	1,673,556	(134,052)
Local Sources	152,500	62,500	72,500	10,000
Charges for Services	2,152,683	2,152,683	1,528,199	(624,484)
Interest and Rentals	100,000	100,000	87,795	(12,205)
Fines and Forfeitures	88,800	88,800	100,076	11,276
Other Revenue	181,050	191,650	222,680	31,030
TOTAL REVENUES	12,980,690	12,956,672	12,458,659	(498,013)
EXPENDITURES:				
Legislative:				
Board of Commissioners	54,889	54,889	47,533	7,356
Judicial:				
Juvenile Court	335,244	378,044	366,232	11,812
Circuit Court	477,479	564,579	560,503	4,076
District Court	570,280	610,880	594,761	16,119
Friend of the Court	498,809	539,809	526,371	13,438
Jury Board	9,000	9,000	8,937	63
Prosecuting Attorney	634,815	658,715	623,506	35,209
Probate Court	402,028	402,278	367,650	34,628
Bailiff	154,105	169,105	164,642	4,463
Total Judicial	3,081,760	3,332,410	3,212,602	119,808
General Government:				
Administrator	397,110	450,392	413,050	37,342
Information Systems	486,734	496,934	474,443	22,491
Elections	11,571	23,571	23,003	568
County Clerk	314,607	351,007	345,482	5,525
Equalization	237,548	259,048	254,748	4,300
Crime Victim Advocate	112,083	133,483	132,650	833
Remonumentation	101,740	101,740	101,740	-
Register of Deeds	351,741	381,241	330,950	50,291
Treasurer	315,233	350,633	346,434	4,199
Cooperative Extension	128,574	148,574	145,381	3,193
Buildings and Grounds	292,664	306,064	292,729	13,335
Health Set Aside	650,000	650,000	636,139	13,861
Soil Conservation District	26,000	26,000	26,000	-
GIS Mapping	25,000	25,000	25,000	-
Surveyor	37,408	37,408	19,738	17,670
Total General Government	3,488,013	3,741,095	3,567,487	173,608

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Public Safety:				
Sheriff	1,365,193	1,500,985	1,490,695	10,290
Marine	22,500	22,500	13,964	8,536
Marine No Wake	-	22,000	19,916	2,084
Correctional Facility	2,845,637	3,250,237	3,237,128	13,109
Regional Planning Commission	23,200	23,200	23,200	-
Trident Task Force	87,302	97,302	95,332	1,970
Snowmobile Patrol Grant	29,900	29,900	20,175	9,725
O.R.V. Grant	40,000	40,000	32,516	7,484
Animal Control	261,690	299,690	296,593	3,097
Total Public Safety	4,675,422	5,285,814	5,229,519	56,295
Public Works				
Drain Commission	1,721	1,721	1,071	650
Total Public Works	1,721	1,721	1,071	650
Health and Welfare:				
Substance Abuse	84,025	84,025	74,157	9,868
Medical Examiner	80,000	125,000	119,758	5,242
Veterans Affairs	72,799	77,049	72,393	4,656
Total Health and Welfare	236,824	286,074	266,308	19,766
Other Expenditures:				
Retirees Hospitalization	570,000	570,000	568,380	1,620
Insurance	275,000	368,000	366,934	1,066
Legal Services	25,000	40,000	15,604	24,396
Audit	25,900	25,900	24,810	1,090
Postage Meter	3,000	4,000	3,512	488
Record Copier	5,000	5,000	-	5,000
Cost Allocation Plan	5,000	5,000	5,000	-
Miscellaneous	88,000	88,000	87,537	463
Appropriations	455,334	505,334	504,921	413
Total Other Expenditures	1,452,234	1,611,234	1,576,698	34,536
Capital Outlay:				
Vehicle	77,000	147,579	146,576	1,003
Total Capital Outlay	77,000	147,579	146,576	1,003
TOTAL EXPENDITURES	13,067,863	14,460,816	14,047,794	413,022
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(87,173)	(1,504,144)	(1,589,135)	(84,991)

**Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers In	776,302	1,511,302	810,370	(700,932)
Transfers Out	(598,313)	(933,242)	(646,485)	286,757
TOTAL OTHER FINANCING SOURCES (USES)	<u>177,989</u>	<u>578,060</u>	<u>163,885</u>	<u>(414,175)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 90,816</u>	<u>\$ (926,084)</u>	(1,425,250)	<u>\$ (499,166)</u>
FUND BALANCE BEGINNING OF YEAR			<u>5,175,635</u>	
FUND BALANCE END OF YEAR			<u>\$ 3,750,385</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Health Department
For the Year Ended September 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Federal Sources	\$ 1,230,588	\$ 1,230,588	\$ 1,110,514	\$ (120,074)
State Sources	401,759	401,759	818,374	416,615
Local Sources	248,789	248,789	370,064	121,275
Charges for Services	3,823,136	3,823,136	3,497,782	(325,354)
Other Revenue	695,148	695,148	335,571	(359,577)
TOTAL REVENUES	<u>6,399,420</u>	<u>6,399,420</u>	<u>6,132,305</u>	<u>(267,115)</u>
EXPENDITURES:				
Health and Welfare	<u>6,397,739</u>	<u>6,397,739</u>	<u>5,689,188</u>	<u>708,551</u>
TOTAL EXPENDITURES	<u>6,397,739</u>	<u>6,397,739</u>	<u>5,689,188</u>	<u>708,551</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,681</u>	<u>\$ 1,681</u>	443,117	<u>\$ 441,436</u>
FUND BALANCE, OCTOBER 1			<u>1,826,985</u>	
FUND BALANCE, SEPTEMBER 30			<u>\$ 2,270,102</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Ambulance
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 506,529	\$ 513,905	\$ 506,529	\$ (7,376)
State Sources	-	-	1,183	1,183
TOTAL REVENUES	506,529	513,905	507,712	(6,193)
EXPENDITURES:				
Health and Welfare	334,038	334,038	330,013	4,025
TOTAL EXPENDITURES	334,038	334,038	330,013	4,025
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	172,491	179,867	177,699	(2,168)
OTHER FINANCING SOURCES (USES):				
Transfers Out	(179,867)	(179,867)	(177,699)	2,168
NET CHANGE IN FUND BALANCES	\$ (7,376)	\$ -	-	\$ -
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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 600,336	\$ 600,336	\$ 591,735	\$ (8,601)
State Sources	-	-	1,382	1,382
TOTAL REVENUES	<u>600,336</u>	<u>600,336</u>	<u>593,117</u>	<u>(7,219)</u>
EXPENDITURES:				
Health and Welfare	600,336	610,000	609,000	1,000
TOTAL EXPENDITURES	<u>600,336</u>	<u>610,000</u>	<u>609,000</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ (9,664)</u>	<u>(15,883)</u>	<u>\$ (6,219)</u>
FUND BALANCES BEGINNING OF YEAR			<u>18,798</u>	
FUND BALANCES END OF YEAR			<u>\$ 2,915</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
Chippewa County Recycling
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 601,057	\$ 601,057	\$ 592,727	\$ (8,330)
State Sources	-	-	1,384	1,384
TOTAL REVENUES	<u>601,057</u>	<u>601,057</u>	<u>594,111</u>	<u>(6,946)</u>
EXPENDITURES:				
Public Works	601,057	601,057	473,000	128,057
TOTAL EXPENDITURES	<u>601,057</u>	<u>601,057</u>	<u>473,000</u>	<u>128,057</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	121,111	<u>\$ 121,111</u>
FUND BALANCES BEGINNING OF YEAR			<u>182,503</u>	
FUND BALANCES END OF YEAR			<u>\$ 303,614</u>	

**Required Supplementary Information
Budgetary Comparison Schedule
American Recovery Plan Act
For the Year Ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Federal Sources	\$ -	\$ 3,500,000	\$ 4,266	\$ (3,495,734)
TOTAL REVENUES	-	3,500,000	4,266	(3,495,734)
EXPENDITURES:				
General Government	-	100,000	4,266	95,734
TOTAL EXPENDITURES	-	100,000	4,266	95,734
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	3,400,000	-	(3,400,000)
OTHER FINANCING SOURCES (USES):				
Transfers Out	-	(700,000)	-	700,000
NET CHANGE IN FUND BALANCES	\$ -	\$ 2,700,000	-	\$ (2,700,000)
FUND BALANCES BEGINNING OF YEAR			-	
FUND BALANCES END OF YEAR			\$ -	

Other Information

**Combining Balance Sheet
General Funds
December 31, 2021**

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Health Set Aside	Payroll Revolving Service	Totals
ASSETS:								
Cash and Investments - Unrestricted	\$ 2,380,363	\$ 6,464	\$ 4,665	\$ 2,164	\$ 1,727	\$ -	\$ -	\$ 2,395,383
Receivables:								
Accounts	10,285	-	-	-	-	-	7,365	17,650
Taxes	488,724	-	-	-	-	-	-	488,724
Interest	225	-	-	-	-	-	-	225
Due from Other Funds	474,790	-	-	-	-	-	-	474,790
Due from Governmental Units	497,031	-	-	-	-	-	-	497,031
Prepaid Items	124,420	-	-	-	-	-	-	124,420
TOTAL ASSETS	\$ 3,975,838	\$ 6,464	\$ 4,665	\$ 2,164	\$ 1,727	\$ -	\$ 7,365	\$ 3,998,223
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,014	\$ 1,014
Accounts Payable	119,739	-	-	-	-	-	6,351	126,090
Accrued Liabilities	118,570	-	-	2,164	-	-	-	120,734
TOTAL LIABILITIES	238,309	-	-	2,164	-	-	7,365	247,838
FUND BALANCES:								
Nonspendable	124,420	-	-	-	-	-	-	124,420
Assigned	-	6,464	4,665	-	1,727	-	-	12,856
Unassigned	3,613,109	-	-	-	-	-	-	3,613,109
TOTAL FUND BALANCES	3,737,529	6,464	4,665	-	1,727	-	-	3,750,385
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,975,838	\$ 6,464	\$ 4,665	\$ 2,164	\$ 1,727	\$ -	\$ 7,365	\$ 3,998,223

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - General Funds
For the Year Ended December 31, 2021**

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Health Set Aside	Payroll Revolving Service	Totals
REVENUES:								
Taxes	\$ 7,959,769	\$ 6,465	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,966,234
Licenses and Permits	34,319	-	-	-	-	-	-	34,319
Federal Sources	773,300	-	-	-	-	-	-	773,300
State Sources	1,673,556	-	-	-	-	-	-	1,673,556
Local Sources	72,500	-	-	-	-	-	-	72,500
Charges for Services	1,528,199	-	-	-	-	-	-	1,528,199
Interest and Rentals	87,795	-	-	-	-	-	-	87,795
Fines and Forfeitures	100,076	-	-	-	-	-	-	100,076
Other Revenue	221,680	-	1,000	-	-	-	-	222,680
TOTAL REVENUES	12,451,194	6,465	1,000	-	-	-	-	12,458,659
EXPENDITURES:								
Legislative	47,533	-	-	-	-	-	-	47,533
Judicial	3,212,602	-	-	-	-	-	-	3,212,602
General Government	2,931,348	-	-	-	-	636,139	-	3,567,487
Public Safety	5,133,603	-	584	95,332	-	-	-	5,229,519
Public Works	1,071	-	-	-	-	-	-	1,071
Health and Welfare	266,308	-	-	-	-	-	-	266,308
Capital Outlay	146,576	-	-	-	-	-	-	146,576
Other Expenditures	1,576,698	-	-	-	-	-	-	1,576,698
TOTAL EXPENDITURES	13,315,739	-	584	95,332	-	636,139	-	14,047,794
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(864,545)	6,465	416	(95,332)	-	(636,139)	-	(1,589,135)
OTHER FINANCING SOURCES (USES):								
Operating Transfers In	78,899	-	-	95,332	-	636,139	-	810,370
Operating Transfers Out	(644,566)	(1,919)	-	-	-	-	-	(646,485)
TOTAL OTHER FINANCING SOURCES (USES)	(565,667)	(1,919)	-	95,332	-	636,139	-	163,885
NET CHANGE IN FUND BALANCES	(1,430,212)	4,546	416	-	-	-	-	(1,425,250)
FUND BALANCES BEGINNING OF YEAR	5,167,741	1,918	4,249	-	1,727	-	-	5,175,635
FUND BALANCES END OF YEAR	\$ 3,737,529	\$ 6,464	\$ 4,665	\$ -	\$ 1,727	\$ -	\$ -	\$ 3,750,385

	Special Revenue Funds							
	50th Circuit Court	Drug Court	Construction Code	District Drug Court	HUD Grant	Family Counseling	Emergency Preparedness Grant	Mental Health Court
ASSETS:								
Cash and Investments - Unrestricted	\$ 86,666	\$ -	\$ 1,476	\$ -	\$ 24,943	\$ 165	\$ 69,896	\$ -
Cash and Investments - Restricted	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	4,836	-	804	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Governmental Units	-	17,633	-	7,533	-	-	-	7,735
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 86,666	\$ 22,469	\$ 1,476	\$ 8,337	\$ 24,943	\$ 165	\$ 69,896	\$ 7,735
LIABILITIES:								
Due to Other Funds	\$ -	\$ 15,415	\$ -	\$ 7,692	\$ -	\$ -	\$ -	\$ 2,842
Accounts Payable	595	1,644	544	175	-	-	-	3,206
Accrued Liabilities	-	-	932	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	595	17,059	1,476	7,867	-	-	-	6,048
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	69,896	1,687
Committed	-	-	-	-	-	-	-	-
Assigned	86,071	5,410	-	470	24,943	165	-	-
TOTAL FUND BALANCES	86,071	5,410	-	470	24,943	165	69,896	1,687
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 86,666	\$ 22,469	\$ 1,476	\$ 8,337	\$ 24,943	\$ 165	\$ 69,896	\$ 7,735

	Special Revenue Funds							
	Operation Stonegarden	Animal Control Millage	FOC Child Support	Community Service	Superior Twp 2000 Improvements Maintenance	Office of Community Correction	Register of Deeds Automation	Drug Forfeiture
ASSETS:								
Cash and Investments - Unrestricted	\$ -	\$ 279,832	\$ 200,846	\$ 13,579	\$ -	\$ 448,107	\$ 146,830	\$ 22,859
Cash and Investments - Restricted	-	-	-	-	74,355	-	-	-
Taxes Receivable	-	119,743	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Governmental Units	6,773	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	513	-
TOTAL ASSETS	<u>\$ 6,773</u>	<u>\$ 399,575</u>	<u>\$ 200,846</u>	<u>\$ 13,579</u>	<u>\$ 74,355</u>	<u>\$ 448,107</u>	<u>\$ 147,343</u>	<u>\$ 22,859</u>
LIABILITIES:								
Due to Other Funds	\$ 6,773	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	-	16,185	-	113	-	4,938	2,673	-
Accrued Liabilities	-	-	-	336	-	1,283	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>6,773</u>	<u>16,185</u>	<u>-</u>	<u>449</u>	<u>-</u>	<u>6,221</u>	<u>2,673</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	119,743	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	513	-
Restricted	-	263,647	-	-	74,355	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	200,846	13,130	-	441,886	144,157	22,859
TOTAL FUND BALANCES	<u>-</u>	<u>263,647</u>	<u>200,846</u>	<u>13,130</u>	<u>74,355</u>	<u>441,886</u>	<u>144,670</u>	<u>22,859</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,773</u>	<u>\$ 399,575</u>	<u>\$ 200,846</u>	<u>\$ 13,579</u>	<u>\$ 74,355</u>	<u>\$ 448,107</u>	<u>\$ 147,343</u>	<u>\$ 22,859</u>

	Special Revenue Funds								
	CCSD Salvage Vehicle	Concealed Weapons	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	Road Patrol Overtime	Secondary Road Patrol	Sheriff Mental Health	Law Library
ASSETS:									
Cash and Investments - Unrestricted	\$ 6,065	\$ 87,831	\$ 1,675	\$ 15,077	\$ 7,230	\$ 7,216	\$ -	\$ 2,373	\$ 1,006
Cash and Investments - Restricted	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	870	2,152	47,282	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,065</u>	<u>\$ 87,831</u>	<u>\$ 1,675</u>	<u>\$ 15,077</u>	<u>\$ 8,100</u>	<u>\$ 9,368</u>	<u>\$ 47,282</u>	<u>\$ 2,373</u>	<u>\$ 1,006</u>
LIABILITIES:									
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,633	\$ -	\$ 605
Accounts Payable	-	-	-	1,808	-	-	-	-	401
Accrued Liabilities	-	-	-	-	-	51	1,649	-	-
Unearned Revenues	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,808</u>	<u>-</u>	<u>51</u>	<u>47,282</u>	<u>-</u>	<u>1,006</u>
DEFERRED INFLOWS OF RESOURCES:									
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-	-
FUND BALANCES:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	87,831	1,675	-	-	-	-	2,373	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	6,065	-	-	13,269	8,100	9,317	-	-	-
TOTAL FUND BALANCES	<u>6,065</u>	<u>87,831</u>	<u>1,675</u>	<u>13,269</u>	<u>8,100</u>	<u>9,317</u>	<u>-</u>	<u>2,373</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,065</u>	<u>\$ 87,831</u>	<u>\$ 1,675</u>	<u>\$ 15,077</u>	<u>\$ 8,100</u>	<u>\$ 9,368</u>	<u>\$ 47,282</u>	<u>\$ 2,373</u>	<u>\$ 1,006</u>

	Special Revenue Funds							
	Animal Shelter Donations	Highway Safety	Sheriff Search & Rescue	Chippewa County DHS Appropriation	MIDC Indigent Defense	Probate Child Care	Emergency Telephone System	Office of Emergency Services
ASSETS:								
Cash and Investments - Unrestricted	\$ 326,444	\$ 14,005	\$ 350	\$ 210	\$ 159,339	\$ 25,408	\$ -	\$ 132,336
Cash and Investments - Restricted	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	550	-	-	-	-	-	174,987	11,332
Due from Other Funds	-	-	-	-	-	-	7,547	-
Due from Governmental Units	-	1,100	-	-	-	13,930	48,799	-
Prepaid Items	-	-	-	948	-	-	-	19,116
TOTAL ASSETS	<u>\$ 326,994</u>	<u>\$ 15,105</u>	<u>\$ 350</u>	<u>\$ 1,158</u>	<u>\$ 159,339</u>	<u>\$ 39,338</u>	<u>\$ 231,333</u>	<u>\$ 162,784</u>
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 193,028	\$ 7,547
Accounts Payable	660	15,105	-	-	2,240	38,958	20,521	7,202
Accrued Liabilities	-	-	-	-	-	380	15,511	4,641
Unearned Revenues	-	-	-	-	157,099	-	-	-
TOTAL LIABILITIES	<u>660</u>	<u>15,105</u>	<u>-</u>	<u>-</u>	<u>159,339</u>	<u>39,338</u>	<u>229,060</u>	<u>19,390</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	948	-	-	-	19,116
Restricted	326,334	-	350	-	-	-	2,273	124,278
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	210	-	-	-	-
TOTAL FUND BALANCES	<u>326,334</u>	<u>-</u>	<u>350</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>2,273</u>	<u>143,394</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 326,994</u>	<u>\$ 15,105</u>	<u>\$ 350</u>	<u>\$ 1,158</u>	<u>\$ 159,339</u>	<u>\$ 39,338</u>	<u>\$ 231,333</u>	<u>\$ 162,784</u>

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021**

	Special Revenue Funds		Debt Service Funds				Capital Project Fund	Totals
	911 State Training	Correctional Facility Maintenance	2013 Refunding Debt	Superior Township 2000 Improvement Bond Reserve	Superior Township Improvements Debt	2011 Refunding Debt	Hakola-Ross Drainage	
ASSETS:								
Cash and Investments - Unrestricted	\$ 19,628	\$ 308,500	\$ -	\$ -	\$ -	\$ -	\$ 7,503	\$ 2,417,395
Cash and Investments - Restricted	-	-	-	34,600	-	-	-	108,955
Taxes Receivable	-	-	-	-	-	-	-	119,743
Accounts Receivable	-	-	-	-	-	-	-	192,509
Due from Other Funds	-	-	-	-	-	-	-	7,547
Due from Governmental Units	7,462	-	-	-	-	-	-	161,269
Prepaid Items	-	7,556	-	-	-	-	-	28,133
TOTAL ASSETS	\$ 27,090	\$ 316,056	\$ -	\$ 34,600	\$ -	\$ -	\$ 7,503	\$ 3,035,551
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 279,535
Accounts Payable	-	486	-	-	-	-	-	117,454
Accrued Liabilities	-	-	-	-	-	-	-	24,783
Unearned Revenues	-	-	-	-	-	-	-	157,099
TOTAL LIABILITIES	-	486	-	-	-	-	-	578,871
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	119,743
FUND BALANCES:								
Nonspendable	-	7,556	-	-	-	-	-	28,133
Restricted	27,090	308,014	-	34,600	-	-	-	1,324,403
Committed	-	-	-	-	-	-	7,503	7,503
Assigned	-	-	-	-	-	-	-	976,898
TOTAL FUND BALANCES	27,090	315,570	-	34,600	-	-	7,503	2,336,937
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 27,090	\$ 316,056	\$ -	\$ 34,600	\$ -	\$ -	\$ 7,503	\$ 3,035,551

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds							
	50th Circuit Court	Drug Court	Construction Code	District Drug Court	HUD Grant	Family Counseling	Emergency Preparedness Grant	Mental Health Court
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	7,733	-	22,541	-	-	23,638	-
State Sources	-	53,164	-	-	-	-	-	31,561
Local Sources	-	28,648	-	6,611	-	2,690	-	-
Charges for Services	15,155	5,999	130,722	800	-	-	-	2,603
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	-	769	-	24,943	-	-	-
TOTAL REVENUES	15,155	95,544	131,491	29,952	24,943	2,690	23,638	34,164
EXPENDITURES:								
Judicial	4,417	92,580	-	30,553	-	-	-	32,477
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	106,749	-	-	-	46	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	2,675	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	4,417	92,580	106,749	30,553	-	2,675	46	32,477
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	10,738	2,964	24,742	(601)	24,943	15	23,592	1,687
OTHER FINANCING SOURCES (USES):								
Transfers In	-	934	-	701	-	-	-	-
Transfers Out	-	-	(24,742)	-	(14,196)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	934	(24,742)	701	(14,196)	-	-	-
NET CHANGE IN FUND BALANCES	10,738	3,898	-	100	10,747	15	23,592	1,687
FUND BALANCES BEGINNING OF YEAR	75,333	1,512	-	370	14,196	150	46,304	-
FUND BALANCES END OF YEAR	\$ 86,071	\$ 5,410	\$ -	\$ 470	\$ 24,943	\$ 165	\$ 69,896	\$ 1,687

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds							
	Operation Stonegarden	Animal Control Millage	FOC Child Support	Community Service	Superior Twp 2000 Improvements Maintenance	Office of Community Correction	Register of Deeds Automation	Drug Forfeiture
REVENUES:								
Taxes	\$ -	\$ 118,393	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	47,732	-	-	-	-	-	-	-
State Sources	-	276	-	-	-	-	-	-
Local Sources	-	-	-	-	12,655	-	-	-
Charges for Services	-	-	20,184	-	-	382,091	52,400	-
Interest and Rentals	-	-	-	-	127	-	-	-
Other Revenue	-	-	-	24,104	-	2,088	-	2,695
TOTAL REVENUES	47,732	118,669	20,184	24,104	12,782	384,179	52,400	2,695
EXPENDITURES:								
Judicial	-	-	610	-	-	-	-	-
General Government	-	-	-	-	-	-	28,339	-
Public Safety	47,732	93,000	-	-	-	184,459	-	4,022
Public Works	-	-	-	29,318	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	47,732	93,000	610	29,318	-	184,459	28,339	4,022
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	-	25,669	19,574	(5,214)	12,782	199,720	24,061	(1,327)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	25,669	19,574	(5,214)	12,782	199,720	24,061	(1,327)
FUND BALANCES BEGINNING OF YEAR	-	237,978	181,272	18,344	61,573	242,166	120,609	24,186
FUND BALANCES END OF YEAR	\$ -	\$ 263,647	\$ 200,846	\$ 13,130	\$ 74,355	\$ 441,886	\$ 144,670	\$ 22,859

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds								
	CCSD Salvage Vehicle	Concealed Weapons	Sheriff Law Enforcement Training	Local Corrections Officer's Training	Sheriff Park Patrol	Road Patrol Overtime	Secondary Road Patrol	Sheriff Mental Health	Law Library
REVENUES:									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	-	-	-	-
State Sources	-	-	2,249	-	-	-	53,257	-	-
Local Sources	-	-	-	-	-	-	-	-	-
Charges for Services	1,900	24,547	-	8,389	1,302	23,382	-	-	-
Interest and Rentals	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	491	-	-	4,000
TOTAL REVENUES	1,900	24,547	2,249	8,389	1,302	23,873	53,257	-	4,000
EXPENDITURES:									
Judicial	-	-	-	-	-	-	-	-	5,006
General Government	-	-	-	-	-	-	-	-	-
Public Safety	2,094	2,296	3,197	22,562	2,013	50,095	168,646	-	-
Public Works	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	2,094	2,296	3,197	22,562	2,013	50,095	168,646	-	5,006
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(194)	22,251	(948)	(14,173)	(711)	(26,222)	(115,389)	-	(1,006)
OTHER FINANCING SOURCES (USES):									
Transfers In	-	-	-	-	-	-	115,389	-	1,006
Transfers Out	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	115,389	-	1,006
NET CHANGE IN FUND BALANCES	(194)	22,251	(948)	(14,173)	(711)	(26,222)	-	-	-
FUND BALANCES BEGINNING OF YEAR	6,259	65,580	2,623	27,442	8,811	35,539	-	2,373	-
FUND BALANCES END OF YEAR	\$ 6,065	\$ 87,831	\$ 1,675	\$ 13,269	\$ 8,100	\$ 9,317	\$ -	\$ 2,373	\$ -

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2021**

	Special Revenue Funds							
	Animal Shelter Donations	Highway Safety	Sheriff Search & Rescue	Chippewa County DHS Appropriation	MIDC Indigent Defense	Probate Child Care	Emergency Telephone System	
REVENUES:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	23,500	-	-	-	-	-	39,013
State Sources	-	-	-	-	295,686	111,947	171,852	-
Local Sources	-	-	-	-	-	7,500	221,165	-
Charges for Services	-	-	-	-	-	-	647,956	-
Interest and Rentals	-	-	-	-	1,502	-	-	-
Other Revenue	46,854	-	-	-	397	402	-	9,721
TOTAL REVENUES	46,854	23,500	-	-	297,585	119,849	1,040,973	48,734
EXPENDITURES:								
Judicial	-	-	-	-	497,492	-	-	-
General Government	-	-	-	-	-	-	-	-
Public Safety	7,946	23,500	-	-	-	-	1,038,700	158,472
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	20,039	-	331,107	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	7,946	23,500	-	20,039	497,492	331,107	1,038,700	158,472
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	38,908	-	-	(20,039)	(199,907)	(211,258)	2,273	(109,738)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	20,039	199,907	211,258	-	177,699
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	20,039	199,907	211,258	-	177,699
NET CHANGE IN FUND BALANCES	38,908	-	-	-	-	-	2,273	67,961
FUND BALANCES BEGINNING OF YEAR	287,426	-	350	1,158	-	-	-	75,433
FUND BALANCES END OF YEAR	\$ 326,334	\$ -	\$ 350	\$ 1,158	\$ -	\$ -	\$ 2,273	\$ 143,394

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2021

	Special Revenue Funds		Debt Service Funds			Capital Fund	Totals
	911 State Training	Correctional Facility Maintenance	2013 Refunding Debt	Superior Twp 2000 Improvement Bond Reserve	Superior Township Improvements Debt	2011 Refunding Debt	
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,393
Federal Sources	-	-	-	-	-	-	164,157
State Sources	12,658	-	-	-	-	-	732,650
Local Sources	-	-	585,069	-	25,621	267,813	1,157,772
Charges for Services	-	-	-	-	-	-	1,317,430
Interest and Rentals	-	-	-	-	-	-	1,629
Other Revenue	-	-	-	-	-	-	116,464
TOTAL REVENUES	12,658	-	585,069	-	25,621	267,813	3,608,495
EXPENDITURES:							
Judicial	-	-	-	-	-	-	663,135
General Government	-	-	-	-	-	-	28,339
Public Safety	15,725	170,453	-	-	-	-	2,101,707
Public Works	-	-	-	-	-	-	29,318
Health and Welfare	-	-	-	-	-	-	353,821
Capital Outlay	-	-	-	-	-	-	-
Debt Service	-	-	585,069	-	25,621	267,813	878,503
TOTAL EXPENDITURES	15,725	170,453	585,069	-	25,621	267,813	4,054,823
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(3,067)	(170,453)	-	-	-	-	(446,328)
OTHER FINANCING SOURCES (USES):							
Transfers In	-	-	-	-	-	-	726,933
Transfers Out	-	-	-	-	-	-	(38,938)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	687,995
NET CHANGE IN FUND BALANCES	(3,067)	(170,453)	-	-	-	-	241,667
FUND BALANCES BEGINNING OF YEAR	30,157	486,023	-	34,600	-	-	2,095,270
FUND BALANCES END OF YEAR	\$ 27,090	\$ 315,570	\$ -	\$ 34,600	\$ -	\$ 7,503	\$ 2,336,937

**Combining Statement of Net Position
Major Tax Collection Enterprise Fund
December 31, 2021**

	2018 Tax Revolving	2019 Tax Revolving	2020 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
ASSETS:						
Cash and Investments - Unrestricted	\$ 79,767	\$ 1,740,461	\$ 2,715,040	\$ 5,862,000	\$ 43,426	\$ 10,440,694
Taxes Receivable	74	289,337	999,756	-	-	1,289,167
Accrued Interest Receivable	-	95,481	99,976	-	-	195,457
TOTAL ASSETS	\$ 79,841	\$ 2,125,279	\$ 3,814,772	\$ 5,862,000	\$ 43,426	\$ 11,925,318
LIABILITIES:						
Due to Governmental Units	\$ 78,084	\$ 60,493	\$ 1,530	\$ 60,010	\$ -	\$ 200,117
Accrued Liabilities	-	-	-	536	-	536
TOTAL LIABILITIES	78,084	60,493	1,530	60,546	-	200,653
NET POSITION:						
Unrestricted	1,757	2,064,786	3,813,242	5,801,454	43,426	11,724,665
TOTAL NET POSITION	1,757	2,064,786	3,813,242	5,801,454	43,426	11,724,665
TOTAL LIABILITIES AND NET POSITION	\$ 79,841	\$ 2,125,279	\$ 3,814,772	\$ 5,862,000	\$ 43,426	\$ 11,925,318

County of Chippewa, Michigan

**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Major Tax Collection Enterprise Fund
For the Year Ended December 31, 2021**

	2018 Tax Revolving	2019 Tax Revolving	2020 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
OPERATING REVENUES:						
Charges for Services	\$ 3,041	\$ 33,966	\$ 101,028	\$ -	\$ -	\$ 138,035
Penalties and Interest Charges	8,217	133,908	193,037	5,589	-	340,751
TOTAL OPERATING REVENUES	11,258	167,874	294,065	5,589	-	478,786
OPERATING EXPENSES:						
Other Supplies and Expenses	1,558	30,996	-	-	138	32,692
Total Operating Expenses	1,558	30,996	-	-	138	32,692
OPERATING INCOME (LOSS)	9,700	136,878	294,065	5,589	(138)	446,094
NON-OPERATING REVENUES (EXPENSES):						
Interest on Deposits	-	-	-	15,495	-	15,495
Total Non-operating Revenues (Expenses)	-	-	-	15,495	-	15,495
INCOME (LOSS) BEFORE TRANSFERS	9,700	136,878	294,065	21,084	(138)	461,589
Transfers In	15,000	-	3,534,177	-	-	3,549,177
Transfers Out	(1,500,000)	(2,034,177)	(15,000)	(636,139)	-	(4,185,316)
CHANGES IN NET POSITION	(1,475,300)	(1,897,299)	3,813,242	(615,055)	(138)	(174,550)
NET POSITION BEGINNING OF YEAR	1,477,057	3,962,085	-	6,416,509	43,564	11,899,215
NET POSITION END OF YEAR	\$ 1,757	\$ 2,064,786	\$ 3,813,242	\$ 5,801,454	\$ 43,426	\$ 11,724,665

Note: In the December 31, 2021 "Combining Statement of Revenues, Expenses, and Changes in Net Position - Major Tax Collection Enterprise Fund" the ending fund balance for the "Prior Year Tax Revolving Fund", and the "2017 Tax Revolving Fund" were \$4,773,424, \$1,643,085 respectively. These are shown combined as the beginning fund balance for the "Prior Year Tax Revolving Fund" as it is the County's practice to only break out the three most current years in their combining statement.

**Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2021**

	State Education Tax Parcel Fee	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	2018 Tax Foreclosure	Homestead Tax	Sheriff Commissary	Totals
ASSETS:								
Cash and Investments - Unrestricted	\$ 3,037	\$ 137,272	\$ 142,971	\$ 156,071	\$ 159,684	\$ -	\$ 63,700	\$ 662,735
Due from Governmental Units	-	-	-	-	-	223	-	223
TOTAL ASSETS	<u>\$ 3,037</u>	<u>\$ 137,272</u>	<u>\$ 142,971</u>	<u>\$ 156,071</u>	<u>\$ 159,684</u>	<u>\$ 223</u>	<u>\$ 63,700</u>	<u>\$ 662,958</u>
LIABILITIES:								
Due To Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 223	\$ -	\$ 223
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223</u>	<u>-</u>	<u>223</u>
NET POSITION:								
Unrestricted	\$ 3,037	\$ 137,272	\$ 142,971	\$ 156,071	\$ 159,684	\$ -	\$ 63,700	\$ 662,735
TOTAL NET POSITION	<u>\$ 3,037</u>	<u>\$ 137,272</u>	<u>\$ 142,971</u>	<u>\$ 156,071</u>	<u>\$ 159,684</u>	<u>\$ -</u>	<u>\$ 63,700</u>	<u>\$ 662,735</u>

**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Nonmajor Enterprise Funds
For the Year Ended December 31, 2021**

	State Education Tax Parcel Fee	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	2018 Tax Foreclosure	Homestead Tax	Sheriff Commissary	Totals
OPERATING REVENUES:								
Charges for Service	\$ -	\$ -	\$ -	\$ -	\$ 166,368	\$ -	\$ 354,324	\$ 520,692
Penalties and Interest Charges	3,303	-	-	-	-	-	-	3,303
TOTAL OPERATING REVENUES	3,303	-	-	-	166,368	-	354,324	523,995
OPERATING EXPENSES:								
Other Supplies and Expenses	266	500	-	-	6,684	-	316,014	323,464
TOTAL OPERATING EXPENSES	266	500	-	-	6,684	-	316,014	323,464
OPERATING INCOME (LOSS)	3,037	(500)	-	-	159,684	-	38,310	200,531
INCOME (LOSS) BEFORE TRANSFERS	3,037	(500)	-	-	159,684	-	38,310	200,531
Transfers Out	(3,042)	-	-	-	-	-	(35,000)	(38,042)
CHANGES IN NET POSITION	(5)	(500)	-	-	159,684	-	3,310	162,489
NET POSITION BEGINNING OF YEAR	3,042	137,772	142,971	156,071	-	-	60,390	500,246
NET POSITION END OF YEAR	\$ 3,037	\$ 137,272	\$ 142,971	\$ 156,071	\$ 159,684	\$ -	\$ 63,700	\$ 662,735

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2021**

	State Education Tax Parcel Fee	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	2018 Tax Foreclosure	Homestead Tax	Sheriff Commissary	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:								
Receipts from Customers	\$ 3,303	\$ -	\$ -	\$ -	\$ 166,368	\$ 1,510	\$ 354,324	\$ 525,505
Payments to Suppliers	(266)	(500)	-	-	(6,684)	(1,951)	(316,014)	(325,415)
Net Cash Provided (Used) by Operating Activities	<u>3,037</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>159,684</u>	<u>(441)</u>	<u>38,310</u>	<u>200,090</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:								
Operating Transfers Out	(3,042)	-	-	-	-	-	(35,000)	(38,042)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(3,042)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>	<u>(38,042)</u>
Net Increase (Decrease) in Cash and Investments	(5)	(500)	-	-	159,684	(441)	3,310	162,048
Balances - Beginning of the Year	3,042	137,772	142,971	156,071	-	441	60,390	500,687
Balances - End of the Year	<u>\$ 3,037</u>	<u>\$ 137,272</u>	<u>\$ 142,971</u>	<u>\$ 156,071</u>	<u>\$ 159,684</u>	<u>\$ -</u>	<u>\$ 63,700</u>	<u>\$ 662,735</u>
Reconciliation of Operating Income (Loss) to								
Net Cash Provided (Used) by Operating Activities:								
Operating Income (Loss)	\$ 3,037	\$ (500)	\$ -	\$ -	\$ 159,684	\$ -	\$ 38,310	\$ 200,531
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	-	-	-	-	-	1,510	-	1,510
Increase(Decrease) in Liabilities:								
Accounts Payable	-	-	-	-	-	(2,174)	-	(2,174)
Due to Other Funds	-	-	-	-	-	223	-	223
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,037</u>	<u>\$ (500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,684</u>	<u>\$ (441)</u>	<u>\$ 38,310</u>	<u>\$ 200,090</u>

**Combining Statement of Net Position
Internal Service Funds
December 31, 2021**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
ASSETS:				
Cash and Investments - Unrestricted	\$ -	\$ 34,013	\$ -	\$ 34,013
Due from Governmental Units	14,102	2,749	-	16,851
Inventory	-	-	6,924	6,924
Prepaid Expense	183,223	-	-	183,223
TOTAL ASSETS	\$ 197,325	\$ 36,762	\$ 6,924	\$ 241,011
LIABILITIES:				
Due to Other Funds	\$ 196,382	\$ -	\$ 5,183	\$ 201,565
TOTAL LIABILITIES	196,382	-	5,183	201,565
NET POSITION:				
Unrestricted	943	36,762	1,741	39,446
TOTAL NET POSITION	943	36,762	1,741	39,446
TOTAL LIABILITIES AND NET POSITION	\$ 197,325	\$ 36,762	\$ 6,924	\$ 241,011

**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Internal Service Funds
For the Year Ended December 31, 2021**

	<u>Self Insurance- Health</u>	<u>Self Insurance- Workers Comp.</u>	<u>Central Stores</u>	<u>Total</u>
OPERATING REVENUES:				
Charges for Services	\$ 2,963,714	\$ 137,286	\$ 9,919	\$ 3,110,919
Total Operating Revenues	<u>2,963,714</u>	<u>137,286</u>	<u>9,919</u>	<u>3,110,919</u>
OPERATING EXPENSES:				
Premium Payments	2,966,131	135,086	-	3,101,217
Supplies	<u>-</u>	<u>-</u>	<u>10,350</u>	<u>10,350</u>
Total Operating Expenses	<u>2,966,131</u>	<u>135,086</u>	<u>10,350</u>	<u>3,111,567</u>
OPERATING INCOME (LOSS)	(2,417)	2,200	(431)	(648)
NET POSITION BEGINNING OF YEAR	<u>3,360</u>	<u>34,562</u>	<u>2,172</u>	<u>40,094</u>
NET POSITION END OF YEAR	<u>\$ 943</u>	<u>\$ 36,762</u>	<u>\$ 1,741</u>	<u>\$ 39,446</u>

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2021**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 2,968,051	\$ 145,370	\$ 9,919	\$ 3,123,340
Payments to Suppliers	(2,974,118)	(136,682)	(12,494)	(3,123,294)
Internal Activity - Receipts(Payments) with Other Funds	6,067	(486)	(1,049)	4,532
Net Cash Provided (Used) by Operating Activities	-	8,202	(3,624)	4,578
Net Increase (Decrease) in Cash and Investments	-	8,202	(3,624)	4,578
Balances - Beginning of the Year	-	25,811	3,624	29,435
Balances - End of the Year	\$ -	\$ 34,013	\$ -	\$ 34,013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (2,417)	\$ 2,200	\$ (431)	\$ (648)
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	4,337	8,084	-	12,421
Inventory	-	-	(2,144)	(2,144)
Prepaid Expenses	(7,987)	-	-	(7,987)
Increase (Decrease) in Liabilities:				
Accounts Payable	-	(1,596)	-	(1,596)
Due to Other Funds	6,067	(486)	(1,049)	4,532
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 8,202	\$ (3,624)	\$ 4,578

**Combining Statement of Fiduciary Net Position
Custodial Funds
December 31, 2021**

	General Agency Fund	District Court	State Education Tax Collections	Library Penal Fines	Inmate Trust	Total Custodial Funds
ASSETS:						
Cash and Equivalents - Restricted	\$ 1,424,514	\$ 43,863	\$ 12,796	\$ 60,099	\$ 106,895	\$ 1,648,167
Total Cash and Equivalents	1,424,514	43,863	12,796	60,099	106,895	1,648,167
Investments, at fair value:						
Equity Securities	-	-	-	-	-	-
Total Investments	-	-	-	-	-	-
TOTAL ASSETS	1,424,514	43,863	12,796	60,099	106,895	1,648,167
LIABILITIES:						
Undistributed Tax Collections	1,156,943	-	12,796	-	-	1,169,739
Other Liabilities	89	-	-	-	-	89
Bond & Restitutions	77,667	43,863	-	-	-	121,530
Due to Inmates	-	-	-	-	106,895	106,895
Due to Governmental Units	189,815	-	-	60,099	-	249,914
TOTAL LIABILITIES	\$ 1,424,514	\$ 43,863	\$ 12,796	\$ 60,099	\$ 106,895	\$ 1,648,167

County of Chippewa, Michigan

**Combining Statement of Changes of Custodial Funds
Cash Position
For the Year Ended December 31, 2021**

	Custodial Funds					Total
	General Agency Fund	District Court	State Education Tax Collections	Library Penal Fines	Inmate Trust	
ADDITIONS:						
Contributions						
Taxes Collected for Other Governments	\$ 1,892,164	\$ -	\$ 6,885,431	\$ -	\$ -	\$ 8,777,595
Fees and Fines Collected on behalf of						
Other Governments	3,351,351	-	-	146,926	-	3,498,277
Fees and Fines Collected on behalf of Other Agencies	254,428	135,772	-	-	-	390,200
Bonds, Restitutions, and Payables to Others	1,433,770	-	-	-	-	1,433,770
Collections from or On Behalf of Inmates	-	-	-	-	253,073	253,073
TOTAL ADDITIONS	6,931,713	135,772	6,885,431	146,926	253,073	14,352,915
DEDUCTIONS:						
Payment of Taxes to Other Governments	1,829,556	-	6,923,885	-	-	8,753,441
Fees and Fines Remitted to Other Units						
of Government	3,471,383	-	-	-	-	3,471,383
Fees and Fines Remitted to Other Agencies	113,689	157,435	-	156,044	-	427,168
Payments on Behalf of Inmates	-	-	-	-	191,857	191,857
Bonds, Restitutions, and Payables to Others	1,391,663	-	-	-	-	1,391,663
TOTAL DEDUCTIONS	6,806,291	157,435	6,923,885	156,044	191,857	14,235,512
Change in Cash Balance	125,422	(21,663)	(38,454)	(9,118)	61,216	117,403
Cash, Beginning of Year	1,299,092	65,526	51,250	69,217	45,679	1,530,764
Cash , End of Year	\$ 1,424,514	\$ 43,863	\$ 12,796	\$ 60,099	\$ 106,895	\$ 1,648,167

Reports on Compliance



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA
TORI N. KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2021, 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 13, 2022.

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.

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 determination of 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 & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

June 13, 2022



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

KENNETH A. TALSMAN, CPA, PRINCIPAL
AMBER N. MACK, CPA, PRINCIPAL

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TORI N. KRUISE, CPA

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DIVISION FOR CPA FIRMS

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

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

Report on Compliance for Each Major Federal Program

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, 2021. 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, 2021.

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 Uniform 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 and Company, PLC
Certified Public Accountants
Kincheloe, Michigan

June 13, 2022

County of Chippewa, Michigan

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency / Cluster / Program Title	COVID-19 Related	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture						
Women, Infant and Children - Resident Services	N	10.557	MDHHS	E20210342	\$ -	\$ 121,333
Women, Infant and Children - Breastfeeding	N	10.557	MDHHS	E20210343	-	16,670
Program Subtotal					-	138,003
Forest Service Schools and Roads Cluster						
Schools and Roads Grants to States - Title III	N	10.665	MDNR	NA	-	23,638
Schools and Roads Grants to States - Title I	N	10.665	MDNR	N/A	270,144	270,144
Program & Cluster Subtotal					270,144	293,782
Total U.S. Department of Agriculture					270,144	431,785
U.S. Department of Commerce						
Building Construction	N	11.300	Direct	06-01-06245	-	38,086
U.S. Department of Housing & Urban Development						
Community Development Block Grant	Y	14.228	MEDC	MSC 220029-CVI	-	33,381
U.S. Department of Interior						
Federal Forest PILT	N	15.226	Direct	NA	-	310,926
U.S. Department of Justice						
Coronavirus Emergency Supplemental Funding Program	Y	16.034	MSP	CESF-15-2020	-	33,373
Coronavirus Emergency Supplemental Funding Program	Y	16.034	MSP	CESF-8-17-0318	-	10,356
Program Subtotal					-	43,729
Edward Byrne Memorial Justice Assistance Grant	N	16.738	MCS	24804	-	7,733
Total U.S. Department of Justice					-	51,462

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

County of Chippewa, Michigan

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency / Cluster / Program Title	COVID-19 Related	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Transportation						
<i>Highway Planning and Construction Cluster</i>						
Federal Transit Capital Grants						
Capital Grant - Marine Capital	N	20.205	MDOT	2017-0047 200384	-	43,774
Capital Grant - Section 70	N	20.205	MDOT	2017-0047 209545/209546	-	263,277
Capital Grant - Section 70	N	20.205	MDOT	2017-0047 206929	-	30,978
Capital Grant - Section 70	N	20.205	MDOT	017-0047 203928NI/213237N	-	434,632
Capital Grant - Section 70	N	20.205	MDOT	2017-0047 211733NI	-	131,601
Subtotal Highway Planning and Construction Cluster					-	904,262
Capital Grant - Section 5311	N	20.509	MDOT	2017-0047 130392	-	50,222
Capital Grant - Section 5311	N	20.509	MDOT	2017-0047 130386/202721	-	6,495
Operating Assistance - Section 5311	N	20.509	MDOT	2017-0047 211546NI P27	-	123,826
Operating Assistance - Section 5311 CARES	Y	20.509	MDOT	2017-0047 211546NI P28	-	601,543
Operating Assistance - Section 5311 CARES	Y	20.509	MDOT	2017-0047 211546NI P27	-	78,550
Rural Transit Assistance Program (RTAP)	N	20.509	MDOT	N/A	-	1,963
Program Subtotal					-	862,599
<i>Transit Services Programs Cluster</i>						
Job Access and Reverse Commute Program (JARC)	N	20.516	MDOT	2017-0047 203344	-	15,258
Subtotal Transit Services Programs Cluster					-	15,258
Airport Improvement Programs						
Rehab Runway, Navigation Aids	N	20.106	MDOT	3-26-0139-041-2020	-	2,429,486
CARES Act	Y	20.106	MDOT	3-26-0139-042-2020	-	193,692
Rehab Runway, Lighting & Design	N	20.106	MDOT	3-26-0139-043-2021	-	377,042
Airport Coronavirus Relief	Y	20.106	MDOT	3-26-0139-044-2021	-	1,008,321
Reconstruct Terminal Building	N	20.106	MDOT	3-26-0139-046-2021	-	65,189
Airport Rescue	N	20.106	MDOT	3-26-0139-047-2021	-	410,878
Program Subtotal					-	4,484,608
<i>Highway Safety Cluster</i>						
Office of Highway Safety Planning	N	20.600	MSP	PT-21-34	-	23,500
Office of Highway Safety Planning	N	20.601	MCS	21372	-	22,541
Subtotal Highway Safety Cluster					-	46,041
Total U.S. Department of Transportation					-	6,312,768

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

County of Chippewa, Michigan

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency / Cluster / Program Title	COVID-19 Related	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Treasury						
CRF Local Health Department Testing	Y	21.019	MDHHS	E20213694	-	17,830
CRF Local Health Department Contact Tracing	Y	21.019	MDHHS	E20213693	-	42,281
CFR Immunizations COVID Response	Y	21.019	MDHHS	E20213749	-	2,425
Program Subtotal					-	62,536
State & Local Fiscal Recovery Funds	Y	21.027	Direct	NA	-	4,266
Total U.S. Department of Treasury					-	66,802
U.S. Environmental Protection Agency						
<i>Drinking Water State Revolving Fund Cluster</i>						
Type II Operator Assisted	N	66.468	MEGLE	FS97548719	-	4,044
Total U.S. Environmental Protection Agency					-	4,044
U.S. Department of Health and Human Services						
Public Health Emergency Preparedness	N	93.069	MDHHS	E20210304	-	71,666
Public Health Emergency Preparedness	N	93.069	MDHHS	E20214842	-	23,924
Program Subtotal					-	95,590
Project Grants and Cooperative Agreements for Tuberculosis Control P	N	93.116	MDHHS	E20211209	-	237
Family Planning/BCCCP	N	93.217	MDHHS	E20210309	-	61,899
Immunization - Vaccines (noncash)	N	93.268	MDHHS	NA	-	91,385
Immunization - COVID	Y	93.268	MDHHS	E20214531	-	55,308
Immunization - Fixed Fee	N	93.268	MDHHS	E20210344	-	500
Immunization - IAP	N	93.268	MDHHS	E20210308	-	20,519
Program Subtotal					-	167,712
Epidemiology and Lab Capacity	Y	93.323	MDHHS	E20215068	-	28,950
COVID Contact Tracing Testing	Y	93.323	MDHHS	E20211949	-	231,697
COVID Infection Prevention	Y	93.323	MDHHS	E20211654	-	26,885
Program Subtotal					-	287,532
PCOVID-PHEP	Y	93.354	MDHHS	E20214468	-	187,000
Child Support Enforcement	N	93.563	MDHHS	CSFOC-17-17003	-	300,071
Child Support Enforcement - Federal Incentive	N	93.563	MDHHS	CSFOC-17-17003	-	41,939
Program Subtotal					-	342,010

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

County of Chippewa, Michigan

**Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

Federal Agency / Cluster / Program Title	COVID-19 Related	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)						
IV-E Foster Care Program - FY 2022	N	93.658	MDHHS	E20221678	-	7,988
IV-E Foster Care Program - FY 2021	N	93.658	MDHHS	E20212842	-	21,166
Program Subtotal					-	29,154
Medicaid Cluster						
Medicaid Outreach -Other	N	93.778	MDHHS	E20210864	-	7,953
Medicaid Outreach -Other	N	93.778	MDHHS	E20210313	-	620
Medicaid Outreach - Elevated Blood Lead	N	93.778	MDHHS	E20210311	-	264
Medicaid Outreach	N	93.778	MDHHS	E20210310	-	9,563
Subtotal Medicaid Cluster					-	18,400
Substance Abuse Prevention Services	N	93.788	NcN	NA	-	48,075
BCCCP Planning	N	93.898	MDHHS	E20210314	-	1,442
Needle Exchange	N	93.959	MDHHS	E20213427	-	3,690
Harm Reduction Supportive Services	N	93.959	MDHHS	E20213303	-	10,859
Program Subtotal					-	14,549
Enabling Services to Women	N	93.994	MDHHS	E20211208	-	23,495
Total U.S. Department of Health and Human Services					-	1,277,095
U.S. Department of Homeland Security						
2018 Marine Safety Program	N	97.012	MDNR	N/A	-	14,100
Emergency Management Performance Grant American Recovery Plan	Y	97.042	MSP	EMC-2021-EP-00006	-	9,759
Emergency Management Performance Grant	N	97.042	MSP	EMC-2021-EP-00003	-	18,593
Program Subtotal					-	28,352
Homeland Security Program Grant:						
Operation Stonegarden Grant	N	97.067	MSP	EMW-2018-SS-00042-S01	-	47,732
Homeland Security Grant - 2019	N	97.067	DC	N/A	-	8,790
Homeland Security Grant - 2020	N	97.067	DC	N/A	-	1,871
Program Subtotal					-	58,393
Total U.S. Department of Homeland Security					-	100,845
Total Expenditures of Federal Awards					\$ 270,144	8,627,194

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

NOTE A - BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Chippewa, Michigan under programs of the federal government for the year ended December 31, 2021. 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 - COGNIZANT AGENCY:

The County has not been assigned a cognizant agency. Therefore, the County is under the general oversight of the U.S. Department of Interior which provided the greatest amount of direct federal funding to the County during 2021.

NOTE C - INDIRECT COST:

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10% de minimus cost rate as permitted by CFR Section 200.414 of the Uniform Guidance.

NOTE D - MDOT ADMINISTRATION:

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

NOTE 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	\$ 2,052,237
Federal Grants of Component Units	6,304,813
Federal Grants in Trust & Agency	<u>270,144</u>
Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	<u>\$ 8,627,194</u>

Section I – Summary of Auditor’s Results

Financial Statements

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

Federal Awards

Internal control over major programs:	
· Material weaknesses identified?	No
· Significant deficiencies identified that are not considered to be material weaknesses?	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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
20.205	Federal Transit Capital Grants
Dollar threshold used to distinguish between types A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Section III – Federal Award Findings and Questioned Costs

NONE.

Additional Information

CHIPPEWA COUNTY, MICHIGAN

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA
TORI N. KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

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

Our report on our audit of the basic financial statements of County of Chippewa, Michigan, as of and for the year ended December 31, 2021, appears on page 1. That audit was conducted for the purpose of forming opinions on the basic financial statements taken as a whole. The additional information listed on the following pages regarding the municipal securities disclosure requirements of the Securities Exchange Commission (SEC) Rule 15c2-12 is presented for purposes of additional analysis and is not a required part of the basic financial statements, and accordingly, we express no opinion on it.

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

June 13, 2022

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, 2019, the County has the following debt issues which apply to SEC Rule 15c2-12.

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

NOTE 2 - TABLES:

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

A. Population:

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

Use	2020		2021	
	Amount	Percent of Total	Amount	Percent of Total
Agricultural	\$ 34,091,989	2.89%	\$ 34,465,291	2.86%
Commercial (R&P)	166,729,157	14.14%	163,343,589	13.56%
Industrial (R&P)	26,033,184	2.21%	30,494,089	2.53%
Residential	900,739,684	76.40%	924,478,753	76.72%
Utility	51,448,600	4.36%	52,193,700	4.33%
Total	<u>\$ 1,179,042,614</u>	<u>100.00%</u>	<u>\$ 1,204,479,422</u>	<u>100.00%</u>

NOTE 2 – TABLES: (Continued)

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

Class	2020		2021	
	Amount	Percent of Total	Amount	Percent of Total
Real Property	\$ 1,101,244,814	93.40%	\$ 1,124,753,822	93.34%
Personal Property	77,797,800	6.60%	80,221,600	6.66%
Total	<u>\$ 1,179,042,140</u>	<u>100.00%</u>	<u>\$ 1,204,975,422</u>	<u>100.00%</u>

Source: County of Chippewa

C. Taxable Value:

Assessed Value as of December 31	Year of State Equalization and Tax Levy	County's Fiscal Year Ended or Ending December 31	Ad Valorem Taxable Value	Taxable Value of Property Granted Tax Abatement Under Acts 198 and 255	Total Taxable Value	Percent Increase/ (Decrease) Over Prior Year
2010	2011	2012	\$ 1,062,567,992	\$ 2,294,400	\$1,064,862,392	.81%
2011	2012	2013	1,090,343,959	430,500	1,090,774,459	.24%
2012	2013	2014	1,086,611,568	1,249,100	1,087,860,668	(.27)%
2013	2014	2015	1,094,634,260	1,287,800	1,095,922,060	.74%
2014	2015	2016	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%

Per Capita Total taxable value for the fiscal year ending December 31, 2021 \$32,767.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

D. SEV by Use and Class:

Use	Fiscal Year Ended or Ending December 31							
	2018	%	2019	%	2020	%	2021	%
Agriculture	\$ 50,829,900	4%	\$ 49,023,800	4%	\$ 47,680,200	3%	\$ 48,155,000	3%
Commercial	181,939,800	14%	192,783,375	14%	211,985,000	15%	222,243,450	15%
Industrial	31,482,400	3%	30,230,600	2%	29,660,400	2%	34,017,300	2%
Residential	1,034,520,200	77%	1,046,296,300	77%	1,083,043,940	76%	1,125,008,450	76%
Utility	48,465,800	4%	48,394,500	4%	51,448,600	3%	52,193,700	3%
Total	\$ 1,347,238,100	100%	\$ 1,366,728,575	100%	\$ 1,423,818,140	100%	\$ 1,481,617,900	100%
Class								
Real Property	\$ 1,271,729,500	94%	\$ 1,291,408,100	94%	\$ 1,346,020,340	95%	\$ 1,401,396,300	95%
Personal Property	75,508,600	6%	75,320,475	6%	77,797,800	5%	80,221,600	5%
Total	\$ 1,347,238,100	100%	\$ 1,366,728,575	100%	\$ 1,423,818,140	100%	\$ 1,481,617,900	100%

Source: County of Chippewa

E. Maximum Tax Rates:

<u>Millage Classification</u>	<u>Millage Authorized</u>	<u>Millage Reduction Fraction (1)</u>	<u>Maximum Allowable Millage</u>
Allocated (1)	6.1500	1.0000	6.1500
Fire/Ambulance (2)	0.4275	1.0000	0.4275
Roads (2)	1.0000	1.0000	0.9879
Recycling (2)	0.5000	1.0000	0.5000
Senior Programs (3)	0.5000	1.0000	0.4994
Animal Shelter (4)	0.1000	1.0000	0.1000

- (1) Cumulative.
- (2) Voted. Final levy December 31, 2021.
- (3) Voted and levied first time in 2009. Expires December 31, 2024.
- (4) Voted. Expires with December 31, 2025 levy.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

F. Revenues from the State of Michigan

<u>Fiscal Year Ended/Ending</u>	<u>Revenue Sharing Payments</u>
December 31, 2017	\$724,783
December 31, 2018	\$733,169
December 31, 2019	\$735,454
December 31, 2020	\$574,850
December 31, 2021	\$754,994

Source: County of Chippewa

G. Property Tax Rates:

Levy 1-Dec	Ending 31-Dec	Allocated	Ambulance (1)	Improvements (1)	Recycling (1)	Jail (1)	Program (1)	Shelter (1)	Total
2015	2016	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.1000	9.3726
2016	2017	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.1000	9.3726
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	0.50000	Exp.	0.7500	0.1000	8.9154

(1) Voted.

Source: County of Chippewa

H. Highest and Lowest Tax Rates:

The highest and lowest tax rates for properties allowed special exemption status and all other taxable properties within the County for its fiscal year ending December 31, 2021:

<u>Property Classification</u>	<u>Highest Tax Rate</u>		<u>Lowest Tax Rate</u>	
	<u>Municipality</u>	<u>Tax Rate</u>	<u>Municipality</u>	<u>Tax Rate</u>
Special Exemption*	Sault Ste. Marie	43.4919 mills	Detour Township	19.4706 mills
Other	Sault Ste. Marie	61.4919 mills	Detour Township	37.0148 mills

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

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

I. Property Tax Collections:

July/Dec. 1 Levy	Fiscal Years Ended or Ending December 31	County Tax Levy (1)	Collections to March 1 Following Levy	Percent Collected to March 1 Following Levy
2014	2015	\$ 9,613,427	\$ 8,863,578	92.19%
2015	2016	9,732,114	9,025,722	92.74%
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%

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

Source: County of Chippewa

J. Top 10 Largest Taxpayers:

Taxpayer	Principal Product or Service	December 31, 2021	
		Taxable Value (1)	Percent of of Total (2)
Cloverland Electric Co.	Utility	\$ 35,922,883	3.0%
American Transmission	Utility	21,229,627	1.8%
State of Michigan	Government	18,516,252	1.5%
Continental Teves Inc.	Auto Testing Service	4,399,700	0.4%
DTE Gas Company	Utility	4,300,887	0.4%
Harwood Properties Inc	Apartments	2,842,506	0.2%
Sault Ste Marie Tribe	Tribal Government	1,633,239	0.1%
Drummond Dolomite	Mining	2,246,059	0.2%
Blarney Castle Oil Co	Fueling Co	2,261,945	0.2%
Chippewa Co EDC	Government	1,426,968	0.1%

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

(2) Based on \$1,204,479,422 which is the County's Total Taxable Value for the fiscal year ending December 31, 2021. Includes the Equivalent Taxable Value of property granted tax abatement under Act 198.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

K. Legal Debt Margin:

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

Debt Limit (1)	\$ 148,151,790
Debt Outstanding (2)	<u>(42,940,846)</u>
Legal Debt Margin	<u>\$ 105,210,944</u>

- (1) 10% of \$1,481,517,900 which is the County's Total SEV for its fiscal year ending December 31, 2021. Includes the SEV of property granted tax abatement under Act 198.
- (2) Includes the Bonds described herein.

Source: County of Chippewa and Municipal Advisory Council of Michigan

L. Debt Schedule:

The following table reflects a summary of the County's direct and underlying debt as of December 31, 2021:

<u>County Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated July 12, 2011 (LT)	\$ 250,000	\$ -	\$ 250,000
Water and Sewer Bonds:			
Dated December 13, 2013	4,210,000	4,210,000	-
Dated June 26, 2000	<u>13,000</u>	<u>13,000</u>	<u>-</u>
Subtotal	<u>4,223,000</u>	<u>4,223,000</u>	<u>-</u>
General Obligation Bonds:			
Dated December 10, 2009	<u>-</u>	<u>-</u>	<u>-</u>
Installment Obligations	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,473,000</u>	<u>\$ 4,223,000</u>	<u>\$ 250,000</u>
Per Capita Net County Direct Debt			\$ 7
Percent of Net Direct Debt to Total SEV			0.2%

NOTE 2 - TABLES: (Continued)

L. Debt Schedule: (Continued)

<u>Underlying Debt of County (5)</u>	<u>Total</u>
City	\$ 11,885,000
Townships	990,104
School Districts	29,815,742
ISD	<u>-</u>
 Total Underlying Debt	 <u>\$ 42,690,846</u>
 Per Capita Underlying Debt (3)	 \$ 1,161
Percent of Underlying Debt to Total SEV (4)	2.88%
 Total Direct and Underlying Debt	 <u>\$ 42,940,846</u>
Per Capita Net Direct and Underlying Debt (3)	\$ 1,167
Percent of Net Direct and Underlying Debt to Total SEV (4)	2.9%

- (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 \$1,481,617,900 which is the County’s Total SEV for its fiscal year ending December 31, 2021. Includes the SEV of property granted tax abatement under Act 198.
- (5) Underlying Debt is the debt of the municipal entities located in the County.

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

M. Debt History:

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

N. Installment Purchase Obligations:

See Notes to Financial Statements.

NOTE 2 - TABLES: (Continued)

O. Short Term Borrowings:

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

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

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

Source: County of Chippewa

P. Future Financing:

Not Anticipated.

Q. Vacation and Sick Leave:

Employees earn varying amounts of annual vacation and sick leave based on number of years of service up to a maximum and on the various labor union contract terms and administration policies of the different County operating units. Vacation is accumulated and taken annually. Sick leave can accumulate up to 168 hours. In addition, each year sheriff employees are given 96 days of sick time for jail employees and 64 days sick time for road patrol employees with 100 percent vesting after three years of service for the Sheriff's department only. At December 31, 2021, the accumulated unpaid compensated absences amount to \$475,461.

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
2012	29,452,202	38,144,006	77%
2013	30,490,775	39,646,045	77%
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%

Source: County of Chippewa

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.

Source: Chippewa County

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.

<u>Employee Group</u>	<u>Membership</u>	<u>Current Expiration Date</u>
Technical, Professional and Office workers		
Association of Michigan	31	December 31, 2022
Michigan Fraternal Order of Police Labor Council	17	December 31, 2021
Non-Union Employees	81	Not applicable
Police Officers Association of Michigan	12	December 31, 2021
Michigan Fraternal Order of Police Labor Council:		
Dispatchers	<u>10</u>	December 31, 2021
Total Permanent County Employees	<u>151</u>	

Source: County of Chippewa

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.

<u>Company</u>	<u>Principal Product or Service</u>	<u>Approximate Number of Employees</u>
Sault Ste. Marie Tribe of Chippewa Indians	Tribal Enterprises and Governmental Operations	1,661
War Memorial Hospital	Hospital	900
Kinross Correctional Complex	Correctional Institution	715
Bay Mills Community	Tribal Enterprises and Governmental Operations	640
Lake Superior State University	Education	621
C.L.M. Community Action	Child Daycare Services / Senior Services	290
Meijer	General Retail	240
Sault Area Schools	Education	225
Precision Edge Surgical Products	Manufacturing	193
EUP Intermediate School District	Education	180
Chippewa County Government	Government	158
Bay Mills Community College	Education	144

Source: Eastern Upper Peninsula Regional Planning

NOTE 2 - TABLES: (Continued)

V. Employment:

Reflected below are the unemployment statistics for the County for the calendar years 2016 through 2021:

County of Chippewa	2016	2017	2018	2019	2020	2021
Employed	15,165	15,115	15,168	15,082	14,400	14,754
Unemployed	<u>1,273</u>	<u>1,237</u>	<u>1,088</u>	<u>1,030</u>	<u>1,505</u>	<u>1,032</u>
Labor Force	<u><u>16,438</u></u>	<u><u>16,352</u></u>	<u><u>16,256</u></u>	<u><u>16,112</u></u>	<u><u>15,905</u></u>	<u><u>15,786</u></u>
Unemployed as % Of Labor Force (1)	7.7%	7.6%	6.7%	6.4%	9.5%	6.5%

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

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



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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

PHILLIP J. WOLF, CPA
LESLIE A. BOHN, CPA
TORI N. KRUISE, CPA

MEMBER AICPA
DIVISION FOR CPA FIRMS

MEMBER MACPA

OFFICES IN
MICHIGAN & WISCONSIN

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chippewa, Michigan for the year ended December 31, 2021, and have issued our report thereon dated June 13, 2022. 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. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, *Government Auditing Standards* and the Uniform Guidance

As stated in our engagement letter dated May 19, 2022 our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

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

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

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

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

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our correspondence about planning matters dated May 19, 2022.

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. One new accounting pronouncement was adopted regarding GASB statement number 84, 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 13, 2022

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Comments and Recommendations

OPEB Census Information (Prior Year)

It was noted in our review of OPEB census data that there was some inaccurate information being reflected in the OPEB census data, which can lead to improperly calculated OPEB amounts. We recommend that the census data be reviewed to ensure that all information provided to the actuary is accurate to ensure proper calculation of related liabilities.

Status: Corrected

Single Approach for Reporting Leases (Prior Year)

The Governmental Accounting Standards Board (GASB) issued guidance that establishes a single approach to accounting for and reporting leases by state and local governments. The single approach is based on the principle that leases are financing of the right to use an underlying asset.

GASB Statement No. 87, *Leases*, provides guidance for lease contracts for nonfinancial assets – including vehicles heavy equipment, and buildings – but excludes nonexchange transactions, including donated assets, and leases of intangible assets.

Under the new Statement, a lessee government is required to recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. A lessor government is required to recognize (1) a lease receivable and (2) a deferred inflow of resources. A lessor will continue to report the leased asset in its financial statements.

A lease also will report the following in its financial statements:

- Amortization expense for using the lease asset (similar to depreciation) over the shorter of the term of the lease or the useful life of the underlying asset.
- Interest expense on the lease liability.
- Note disclosures about the lease, including a general description of the leasing arrangement, the amount of the lease assets recognized, and a schedule of future lease payments to be made.

Limited exceptions to the single-approach guidance are provided for:

- Short-term leases, defined as lasting a maximum of 12 months at inception, including any options to extend.
- Financial purchases.
- Certain regulated leases, such as between municipal airports and air carriers.

The full text of Statement 87 is available on the GASB website, www.gasb.org.

This will be effective for the Corporations fiscal year ended December 31, 2020.

State Chart of Accounts

Effective 10/31/2022 (your FY 2022)

The Uniform Chart of Accounts for Local Units of Government (Counties, Cities, Villages and Townships; and Authorities and Commissions established by counties, cities, villages and townships) has been developed by the Local Government Fiscal Accountability Division of the Michigan Department of Treasury with the assistance of the Michigan Committee on Governmental Accounting and Auditing. All local units of government in Michigan must use the Uniform Chart of Accounts. The new Chart of Accounts must be implemented for fiscal years ending

Sept. 30, 2021, and thereafter. Early implementation, after the reviewed Chart of Accounts is issued on Dec. 31, 2019, will be allowed and encouraged.

Other Matters

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

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

Conclusion

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

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



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

June 13, 2022