

County of Chippewa, Michigan

BASIC FINANCIAL STATEMENTS

December 31, 2020

CHIPPEWA COUNTY, MICHIGAN

ORGANIZATION

COUNTY BOARD OF COMMISSIONERS

CHAIRMAN	JIM MARTIN
COMMISSIONER	SCOTT SHACKLETON
COMMISSIONER	ERIK BARON
COMMISSIONER	TED POSTULA
COMMISSIONER	ROBERT SAVOIE

APPOINTED/ELECTED OFFICERS

COUNTY ADMINISTRATOR	JAMES GERMAN
COUNTY TREASURER	CARMEN FAZZARI
COUNTY CLERK	CATHY MALEPORT
COUNTY REGISTER OF DEEDS	SHARON KENNEDY
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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CERTIFIED PUBLIC ACCOUNTANTS

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**MEMBER AICPA
DIVISION FOR CPA FIRMS**

MEMBER MACPA

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, of the County of Chippewa, Michigan, as of and for the year ended December 31, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chippewa, Michigan, as of December 31, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress and budgetary comparison information on pages 4 through 9, pages 76 through 78, and pages 79 through 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Chippewa, Michigan's basic financial statements. The combining major and nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

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

Members of the Board
County of Chippewa, Michigan

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2021 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

July 7, 2021

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, 2020.

Financial Highlights

- The net position of the County exceeded its liabilities at the close of the most recent fiscal year by \$3,572,059. Of this amount, \$1,095,788 is restricted.
- Net position for the County as a whole increased by \$6,022,293. Net position of our governmental activities increased by \$5,793,434 a result of the changes in related to the amortization of OPEB items which lead to large negative expenses in 2020. The net position of our business-type activities increased by \$228,859.
- During the year, the County had expenses for governmental activities that were \$18,304,618 and expenses for business-type activities that were \$279,699.
- The General Fund reported a net fund balance of \$5,175,048, a decrease of \$306,627. At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,074,513, or 37.7% 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 22-75 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 76-84 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 85-104 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 \$3,572,059 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	
	2020	2019	2020	2019	2020	2019
Assets						
Current Assets	\$ 13,507,341	\$ 12,420,393	\$ 12,494,848	\$ 12,256,161	\$ 26,002,189	\$ 24,676,554
Capital Assets	10,275,502	10,525,459	-	-	10,275,502	10,525,459
Total Assets	23,782,843	22,945,852	12,494,848	12,256,161	36,277,691	35,202,013
Deferred Outflows of Resources	6,466,146	5,193,978	-	-	6,466,146	5,193,978
Liabilities						
Current Liabilities	3,098,636	2,142,922	95,387	85,559	3,194,023	2,228,481
Noncurrent Liabilities	28,907,689	30,080,924	-	-	28,907,689	30,080,924
Total Liabilities	32,006,325	32,223,846	95,387	85,559	32,101,712	32,309,405
Deferred Inflows of Resources	7,070,066	10,536,820	-	-	7,070,066	10,536,820
Net Position						
Net Investment in Capital Assets	4,873,544	4,475,501	-	-	4,873,544	4,475,501
Restricted	1,095,788	974,376	-	-	1,095,788	974,376
Unrestricted	(14,796,734)	(20,070,713)	12,399,461	12,170,602	(2,397,273)	(7,900,111)
Total Net Position	\$ (8,827,402)	\$ (14,620,836)	\$ 12,399,461	\$ 12,170,602	\$ 3,572,059	\$ (2,450,234)

The current level of unrestricted net position for our governmental activities stands at (\$14,796,734), or about (81%) of expenses. Net Position of the governmental activities had a net increase of \$5,793,434 related to OPEB deferred inflow and outflow amortization Net Position of the business-type activities increased \$228,859.

The following table shows the activities of the County.

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Program Revenues						
Charges for Services	\$ 6,051,735	\$ 7,416,871	\$ 1,088,072	\$ 1,055,951	\$ 7,139,807	\$ 8,472,822
Operating Grants and Contributions	6,962,718	5,572,180	-	-	6,962,718	5,572,180
Capital Grants and Contributions	-	23,042	-	-	-	23,042
General Revenues						
Property Taxes	9,543,339	9,513,189	-	-	9,543,339	9,513,189
State Revenue Sharing and Other	750,492	880,772	-	-	750,492	880,772
Interest Income	115,328	187,338	94,926	123,799	210,254	311,137
Total Revenues	23,423,612	23,593,392	1,182,998	1,179,750	24,606,610	24,773,142
Expenses						
Legislative	48,120	50,975	-	-	48,120	50,975
Judicial	2,479,634	2,631,875	-	-	2,479,634	2,631,875
General Government	2,456,285	2,608,967	-	-	2,456,285	2,608,967
Public Safety	5,592,798	5,196,774	-	-	5,592,798	5,196,774
Public Works	623,527	653,387	-	-	623,527	653,387
Health and Welfare	4,538,437	5,462,347	-	-	4,538,437	5,462,347
Community and Economic Development	-	-	-	-	-	-
Interest Expense - Unallocated	231,413	263,237	-	-	231,413	263,237
Other	1,729,527	1,473,002	-	-	1,729,527	1,473,002
Tax Collection	-	-	3,673	6,848	3,673	6,848
Depreciation - Unallocated	604,877	611,747	-	-	604,877	611,747
Other Nonmajor	-	-	276,026	228,304	276,026	228,304
Total Expenses	18,304,618	18,952,311	279,699	235,152	18,584,317	19,187,463
Excess (Deficiency) Before Transfers	5,118,994	4,641,081	903,299	944,598	6,022,293	5,585,679
Transfers	674,440	903,417	(674,440)	(903,417)	-	-
Changes in Net Position	5,793,434	5,544,498	228,859	41,181	6,022,293	5,585,679
Net Position - Beginning	(14,620,836)	(20,165,334)	12,170,602	12,129,421	(2,450,234)	(8,035,913)
Net Position - Ending	\$ (8,827,402)	\$ (14,620,836)	\$ 12,399,461	\$ 12,170,602	\$ 3,572,059	\$ (2,450,234)

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 2020 include the General Fund, Health Department, Senior Nutrition, Ambulance, Correctional Facility Maintenance, and Tax Collection Funds.

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

General Fund Budgetary Highlights

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

During the year, general fund revenues were \$244,085 lower than budgetary estimates, while general fund expenditures were \$612,521 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, 2020, amounted to \$10,275,502 (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 \$249,957.

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

- Purchases include vehicles of \$130,464, building improvements \$244,936 and various equipment of \$80,060.

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 \$29,585,689. Of this amount, \$5,401,958 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 \$648,000 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 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, 2020

	Primary Government			Component
	Governmental	Business-type	Totals	Units
	Activities	Activities		
ASSETS:				
Cash and Investments - Unrestricted	\$ 9,577,354	\$ 10,455,281	\$ 20,032,635	\$ 4,240,522
Cash and Investments - Restricted	131,245	-	131,245	724,317
Receivables:				
Accounts	732,158	-	732,158	1,150,568
Taxes	2,333,661	1,396,204	3,729,865	878,246
Interest	27,962	197,526	225,488	-
Due from Governmental Units	818,276	-	818,276	3,072,082
Internal Loans	(445,837)	445,837	-	-
Inventory	13,307	-	13,307	1,200,722
Prepaid Items	319,215	-	319,215	124,327
Capital Assets (nondepreciable)	231,810	-	231,810	63,340,588
Capital Assets (net of accumulated depreciation)	10,043,692	-	10,043,692	68,609,843
TOTAL ASSETS	23,782,843	12,494,848	36,277,691	143,341,215
DEFERRED OUTFLOWS OF RESOURCES:				
Pension & OPEB Related Items	6,325,839	-	6,325,839	1,649,732
Deferred Charges on Refunding	140,307	-	140,307	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,466,146	-	6,466,146	1,649,732
LIABILITIES:				
Accounts Payable	721,750	-	721,750	639,053
Accrued Liabilities	279,658	-	279,658	263,221
Advances	-	-	-	787,494
Unearned Revenue	974,837	-	974,837	-
Accrued Interest Payable	52,031	-	52,031	2,115
Due to Governmental Units	402,360	95,387	497,747	101,491
Notes Payable - Due within one year	-	-	-	421,160
Notes Payable - Due in more than one year	-	-	-	849,474
Bonds Payable - Due within one year	668,000	-	668,000	-
Bonds Payable - Due in more than one year	4,733,958	-	4,733,958	-
Vested Employee Benefits - Due in more than one year	502,609	-	502,609	462,248
OPEB Obligations - Due in more than one year	8,438,539	-	8,438,539	15,584,477
Net Pension Liability - Due in more than one year	15,232,583	-	15,232,583	18,554,446
TOTAL LIABILITIES	32,006,325	95,387	32,101,712	37,665,179
DEFERRED INFLOWS OF RESOURCES:				
Taxes Levied for a Subsequent Period	1,790,038	-	1,790,038	878,246
Pension & OPEB Related Items	5,280,028	-	5,280,028	4,910,186
TOTAL DEFERRED INFLOWS OF RESOURCES	7,070,066	-	7,070,066	5,788,432
NET POSITION:				
Net Investment in Capital Assets	4,873,544	-	4,873,544	130,679,797
Restricted	1,095,788	-	1,095,788	-
Unrestricted	(14,796,734)	12,399,461	(2,397,273)	(29,142,461)
TOTAL NET POSITION	\$ (8,827,402)	\$ 12,399,461	\$ 3,572,059	\$ 101,537,336

County of Chippewa, Michigan

Statement of Activities For the Year Ended December 31, 2020

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	Governmental Activities	Business-type Activities	Totals	
Primary Government:								
Governmental Activities:								
Legislative	\$ 48,120	\$ -	\$ -	\$ -	\$ (48,120)	\$ -	\$ (48,120)	\$ -
Judicial	2,479,634	464,957	1,378,680	-	(635,997)	-	(635,997)	-
General Government	2,456,285	499,733	911,494	-	(1,045,058)	-	(1,045,058)	-
Public Safety	5,592,798	1,873,796	1,476,968	-	(2,242,034)	-	(2,242,034)	-
Public Works	623,527	-	892,068	-	268,541	-	268,541	-
Health and Welfare	4,538,437	3,213,249	2,303,508	-	978,320	-	978,320	-
Interest Expense - Unallocated	231,413	-	-	-	(231,413)	-	(231,413)	-
Other	1,729,527	-	-	-	(1,729,527)	-	(1,729,527)	-
Depreciation - Unallocated	604,877	-	-	-	(604,877)	-	(604,877)	-
Total Governmental Activities	18,304,618	6,051,735	6,962,718	-	(5,290,165)	-	(5,290,165)	-
Business-type activities:								
Tax Collection	3,673	614,665	-	-	-	610,992	610,992	-
Other Nonmajor	276,026	473,407	-	-	-	197,381	197,381	-
Total Business-type Activities	279,699	1,088,072	-	-	-	808,373	808,373	-
Total Primary Government	\$ 18,584,317	\$ 7,139,807	\$ 6,962,718	\$ -	(5,290,165)	808,373	(4,481,792)	-
Component Units:								
Road Commission	\$ 9,749,020	\$ 3,453,632	\$ 4,826,590	\$ 8,542,953				7,074,155
Economic Development Corporation	4,592,840	2,755,238	50,000	1,322,187				(465,415)
E.U.P. Transportation Authority	5,109,605	4,722,065	21,684	1,596,962				1,231,106
Total Component Units	19,451,465	10,930,935	4,898,274	11,462,102				7,839,846
Total	\$ 38,035,782	\$ 18,070,742	\$ 11,860,992	\$ 11,462,102				
General Revenues and Transfers:								
Taxes- Real Property					9,519,500	-	9,519,500	860,554
Taxes- Personal Property					23,839	-	23,839	-
State Revenue Sharing and Other					750,492	-	750,492	-
Interest Income					115,328	94,926	210,254	33,248
Transfers					674,440	(674,440)	-	-
Gain (Loss) on Disposals					-	-	-	1,020,961
Total General Revenues and Transfers					11,083,599	(579,514)	10,504,085	1,914,763
Changes in Net Position					5,793,434	228,859	6,022,293	9,754,609
Net Position - Beginning (As Restated See Note 13)					(14,620,836)	12,170,602	(2,450,234)	91,782,727
Net Position - Ending					\$ (8,827,402)	\$ 12,399,461	\$ 3,572,059	\$ 101,537,336

See accompanying notes to financial statements.

County of Chippewa, Michigan

Balance Sheet Governmental Funds December 31, 2020

	General	Health Department 9/30/2020	Senior Nutrition	Ambulance	Chippewa County Recycling	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:							
Cash and Investments - Unrestricted	\$ 4,646,108	\$ 2,249,237	\$ 18,699	\$ -	\$ 182,404	\$ 2,451,471	\$ 9,547,919
Cash and Investments - Restricted	-	96,645	-	-	-	34,600	131,245
Receivables:							
Accounts	6,199	568,848	-	-	-	127,839	702,886
Taxes	543,623	-	585,553	501,249	585,986	117,250	2,333,661
Interest	27,962	-	-	-	-	-	27,962
Inventory	-	8,527	-	-	-	-	8,527
Due from Other Funds	545,107	-	-	-	-	7,381	552,488
Due from Governmental Units	337,633	204,171	99	362	99	275,912	818,276
Prepaid Items	93,225	31,595	-	-	-	19,159	143,979
TOTAL ASSETS	\$ 6,199,857	\$ 3,159,023	\$ 604,351	\$ 501,611	\$ 768,489	\$ 3,033,612	\$ 14,266,943
LIABILITIES:							
Due to Other Funds	\$ 445,837	\$ -	\$ -	\$ 362	\$ -	\$ 355,093	\$ 801,292
Accounts Payable	399,424	230,679	-	-	-	91,647	721,750
Accrued Liabilities	105,416	150,101	-	-	-	22,545	278,062
Due to Governmental Units	74,132	328,228	-	-	-	-	402,360
Unearned Revenue	-	623,030	-	-	-	351,807	974,837
TOTAL LIABILITIES	1,024,809	1,332,038	-	362	-	821,092	3,178,301
DEFERRED INFLOWS OF RESOURCES:							
Taxes Levied for a Subsequent Period	-	-	585,553	501,249	585,986	117,250	1,790,038
FUND BALANCES:							
Nonspendable	93,225	40,122	-	-	-	19,159	152,506
Restricted	-	96,645	18,798	-	-	980,345	1,095,788
Committed	-	-	-	-	-	7,503	7,503
Assigned	7,310	1,690,218	-	-	182,503	1,088,263	2,968,294
Unassigned	5,074,513	-	-	-	-	-	5,074,513
TOTAL FUND BALANCES	5,175,048	1,826,985	18,798	-	182,503	2,095,270	9,298,604
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,199,857	\$ 3,159,023	\$ 604,351	\$ 501,611	\$ 768,489	\$ 3,033,612	
Reconciliation to amounts reported for governmental activities in the statement of net position:							
Capital assets used by governmental activities							10,275,502
Deferred Charges on Refunding							140,307
Long-term notes and bonds payable for governmental activities							(5,401,958)
Long-term Vested Employee Benefits							(502,609)
Internal service funds included in governmental activities							40,094
Accrued interest expense recognized under full accrual accounting							(52,031)
Net pension & OPEB liabilities and related deferred outflows & inflows							(22,625,311)
Net position of governmental activities							\$ (8,827,402)

**Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Funds
For the Year Ended December 31, 2020**

	General	Health Department 9/30/2020	Senior Nutrition	Ambulance	Chippewa County Recycling	Non-Major Governmental Funds	Totals Governmental Funds
REVENUES:							
Taxes	\$ 7,762,018	\$ -	\$ 581,649	\$ 497,754	\$ 585,197	\$ 116,721	\$ 9,543,339
Licenses and Permits	37,882	-	-	-	-	-	37,882
Federal Sources	1,233,463	940,900	-	-	-	383,860	2,558,223
State Sources	1,566,714	534,953	-	-	-	653,775	2,755,442
Local Sources	99,592	364,960	-	-	-	905,681	1,370,233
Charges for Services	1,800,944	3,211,164	-	-	-	924,755	5,936,863
Interest and Rentals	114,172	-	-	-	-	1,156	115,328
Fines and Forfeitures	76,990	-	-	-	-	-	76,990
Other Revenue	294,636	401,800	-	-	-	332,876	1,029,312
TOTAL REVENUES	12,986,411	5,453,777	581,649	497,754	585,197	3,318,824	23,423,612
EXPENDITURES:							
Legislative	48,120	-	-	-	-	-	48,120
Judicial	2,869,208	-	-	-	-	578,411	3,447,619
General Government	3,562,130	-	-	-	-	24,578	3,586,708
Public Safety	4,671,343	-	-	-	-	1,927,668	6,599,011
Public Works	-	-	-	-	605,000	18,527	623,527
Health and Welfare	252,447	5,240,905	570,000	323,540	-	284,800	6,671,692
Capital Outlay	353,824	-	-	-	-	87,826	441,650
Debt Service	-	-	-	-	-	879,413	879,413
Other Expenditures	1,694,201	-	-	-	-	-	1,694,201
TOTAL EXPENDITURES	13,451,273	5,240,905	570,000	323,540	605,000	3,801,223	23,991,941
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	(464,862)	212,872	11,649	174,214	(19,803)	(482,399)	(568,329)
OTHER FINANCING SOURCES (USES):							
Transfers In	807,300	-	-	-	-	723,589	1,530,889
Transfers Out	(649,065)	-	-	(174,214)	-	(33,170)	(856,449)
TOTAL OTHER FINANCING SOURCES (USES)	158,235	-	-	(174,214)	-	690,419	674,440
NET CHANGE IN FUND BALANCES	(306,627)	212,872	11,649	-	(19,803)	208,020	106,111
FUND BALANCE BEGINNING OF YEAR	5,481,675	1,614,113	7,149	-	202,306	1,887,250	9,192,493
FUND BALANCE END OF YEAR	\$ 5,175,048	\$ 1,826,985	\$ 18,798	\$ -	\$ 182,503	\$ 2,095,270	\$ 9,298,604

**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, 2020**

Net changes in fund balances - total governmental funds \$ 106,111

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.

(249,957)

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.

630,462

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

Interest Payable Activity	5,873
Vested Employee Benefits	(42,260)
OPEB Obligations	5,796,238
Net Pension Liabilities	(430,679)

Internal Service Fund Activity	(22,354)
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Changes in net position of governmental activities	<u>\$ 5,793,434</u>
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Statement of Net Position
Proprietary Funds
December 31, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
ASSETS:				
Cash and Investments - Unrestricted	\$ 9,955,035	\$ 500,246	\$ 10,455,281	\$ 29,435
Taxes Receivable	1,396,204	-	1,396,204	-
Due from Other Funds	445,837	-	445,837	-
Due from Governmental Units	-	-	-	29,272
Inventory	-	-	-	4,780
Prepaid Expense	-	-	-	175,236
Accrued Interest Receivable	197,526	-	197,526	-
TOTAL ASSETS	<u>\$ 11,994,602</u>	<u>\$ 500,246</u>	<u>\$ 12,494,848</u>	<u>\$ 238,723</u>
LIABILITIES:				
Due to Other Funds	\$ -	\$ -	\$ -	\$ 197,033
Due to Governmental Units	95,387	-	95,387	-
Accrued Liabilities	-	-	-	1,596
TOTAL LIABILITIES	<u>95,387</u>	<u>-</u>	<u>95,387</u>	<u>198,629</u>
NET POSITION:				
Unrestricted	<u>11,899,215</u>	<u>500,246</u>	<u>12,399,461</u>	<u>40,094</u>
TOTAL NET POSITION	<u>\$ 11,899,215</u>	<u>\$ 500,246</u>	<u>\$ 12,399,461</u>	<u>\$ 40,094</u>

**Statement of Revenues, Expenses, and
Changes in Net Position - Proprietary Funds
For the Year Ended December 31, 2020**

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Totals	Internal Service Funds
OPERATING REVENUES:				
Charges for Services	\$ 90,089	\$ 470,100	\$ 560,189	\$ 3,123,332
Penalties and Interest Charges	524,576	3,307	527,883	-
Total Operating Revenues	614,665	473,407	1,088,072	3,123,332
OPERATING EXPENSES:				
Premium Payments	-	-	-	3,134,633
Other Supplies and Expenses	3,673	276,026	279,699	11,053
Total Operating Expenses	3,673	276,026	279,699	3,145,686
OPERATING INCOME (LOSS)	610,992	197,381	808,373	(22,354)
NON-OPERATING REVENUES (EXPENSES):				
Interest on Deposits	94,926	-	94,926	-
Total Non-Operating Revenues (Expenses)	94,926	-	94,926	-
INCOME (LOSS) BEFORE TRANSFERS	705,918	197,381	903,299	(22,354)
Operating Transfers In	3,636,378	-	3,636,378	-
Operating Transfers Out	(4,297,032)	(13,786)	(4,310,818)	-
CHANGES IN NET POSITION	45,264	183,595	228,859	(22,354)
NET POSITION, JANUARY 1	11,853,951	316,651	12,170,602	62,448
NET POSITION, DECEMBER 31	\$ 11,899,215	\$ 500,246	\$ 12,399,461	\$ 40,094

County of Chippewa, Michigan

Statement of Cash Flows Proprietary Fund Types For the Year Ended December 31, 2020

	Business-type Activities Enterprise Funds			Governmental Activities
	Tax Collections	Nonmajor Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 907,946	\$ 473,407	\$ 1,381,353	\$ 3,122,835
Payments to Suppliers	6,155	(276,026)	(269,871)	(3,135,537)
Internal Activity - Receipts (Payments) with Other Funds	(352,841)	-	(352,841)	42,137
Net Cash Provided (Used) by Operating Activities	561,260	197,381	758,641	29,435
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Operating Transfers In (Out) - net	(660,654)	(13,786)	(674,440)	-
Net Cash Provided (Used) by Noncapital Financing Activities	(660,654)	(13,786)	(674,440)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Deposits	94,926	-	94,926	-
Net Cash Provided (Used) by Investing Activities	94,926	-	94,926	-
Net Increase (Decrease) in Cash	(4,468)	183,595	179,127	29,435
Balances - Beginning of the Year	9,959,503	316,651	10,276,154	-
Balances - End of the Year	<u>\$ 9,955,035</u>	<u>\$ 500,246</u>	<u>\$ 10,455,281</u>	<u>\$ 29,435</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 610,992	\$ 197,381	\$ 808,373	\$ (22,354)
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	247,433	-	247,433	-
Accrued Interest Receivable	45,848	-	45,848	-
Inventory	-	-	-	2,062
Prepaid Expense	-	-	-	10,731
Due from Other Funds	(352,841)	-	(352,841)	-
Due from Governmental Units	-	-	-	(497)
Increase (Decrease) in Liabilities:				
Accounts Payable	-	-	-	(2,644)
Due to Other Funds	-	-	-	42,137
Due to Governmental Units	9,828	-	9,828	-
Net Cash Provided (Used) by Operating Activities	<u>\$ 561,260</u>	<u>\$ 197,381</u>	<u>\$ 758,641</u>	<u>\$ 29,435</u>

Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	Other Employee Benefit Trust Funds	Custodial Funds
ASSETS:		
Cash and Equivalents - Restricted	\$ -	\$ 1,530,691
Total Cash and Equivalents	-	1,530,691
Investments, at fair value:		
Equity Securities	14,211,450	-
Total Investments	14,211,450	-
TOTAL ASSETS	<u>\$ 14,211,450</u>	<u>\$ 1,530,691</u>
LIABILITIES:		
Undistributed Tax Collections	-	1,117,837
Other Liabilities	-	109,989
Bond & Restitutions	-	134,399
Due to Inmates		45,606
Due to Governmental Units	-	122,860
TOTAL LIABILITIES	-	<u>\$ 1,530,691</u>
NET POSITION:		
Held in Trust for Pension Benefits and Other Purposes	<u>\$ 14,211,450</u>	

Statement of Changes of Fiduciary Net Position

Fiduciary Funds

December 31, 2020

	Custodial Funds					Trust
	General Agency Fund	District Court	State Education Tax Collections	Library Penal Fines	Inmate Trust	Other Employee Benefit Trust Funds
ADDITIONS:						
Contributions						
Members	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,784,279
Interest	-	-	-	-	-	1,696,548
Taxes Collected for Other Governments	1,756,337	-	6,690,798	-	-	-
Fees and Fines Collected on behalf of						
Other Governments	1,119,135	-	-	121,918	-	-
Fees and Fines Collected on behalf of Other Agencies	3,245,119	153,690	-	-	-	-
Bonds, Restitutions, and Payables to Others	181,670	-	-	-	-	-
Collections from or On Behalf of Inmates	-	-	-	-	137,595	-
TOTAL ADDITIONS	6,302,261	153,690	6,690,798	121,918	137,595	3,480,827
DEDUCTIONS:						
Payment of Taxes to Other Governments	977,628	-	6,660,057	-	-	-
Payment of Trust Benefits and fees	-	-	-	-	-	972,854
Fees and Fines Remitted to Other Units						
of Government	1,061,940	-	-	-	-	-
Fees and Fines Remitted to Other Agencies	3,343,349	147,250	-	103,770	-	-
Payments on Behalf of Inmates	-	-	-	-	161,797	-
Bonds, Restitutions, and Payables to Others	161,959	-	-	-	-	-
TOTAL DEDUCTIONS	5,544,876	147,250	6,660,057	103,770	161,797	972,854
Change in Cash Balance	757,385	6,440	30,741	18,148	(24,202)	2,507,973
Cash, Beginning of Year	541,707	59,086	20,509	51,069	69,808	11,703,477
Cash , End of Year	\$1,299,092	\$ 65,526	\$ 51,250	\$ 69,217	\$ 45,606	\$ 14,211,450

Component Units

County of Chippewa, Michigan

Statement of Net Position

Component Units

December 31, 2020

	Road Commission	Economic Development Corporation	E.U.P. Transportation Authority 9/30/2020	Totals
ASSETS:				
Cash and Investments - Unrestricted	\$ 1,065,635	\$ 1,301,509	\$ 1,873,378	\$ 4,240,522
Cash and Investments - Restricted	-	724,317	-	724,317
Receivables:				
Accounts	-	1,079,191	71,377	1,150,568
Taxes	878,246	-	-	878,246
Due from Governmental Units	1,926,792	-	1,145,290	3,072,082
Inventory	1,144,240	56,482	-	1,200,722
Prepaid Items	85,465	-	38,862	124,327
Capital Assets (Nondepreciable)	59,342,346	2,604,927	1,393,315	63,340,588
Capital Assets (Net of Accumulated Depreciation)	42,503,160	18,382,663	7,724,020	68,609,843
TOTAL ASSETS	106,945,884	24,149,089	12,246,242	143,341,215
DEFERRED OUTFLOWS OF RESOURCES:				
Pension & OPEB Related Items	625,266	238,687	785,779	1,649,732
LIABILITIES:				
Accounts Payable	342,197	37,953	258,903	639,053
Accrued Liabilities	162,867	17,580	82,774	263,221
Interest Payable	2,115	-	-	2,115
Due to State	101,491	-	-	101,491
Advances	787,494	-	-	787,494
Notes Payable - Due within one year	421,160	-	-	421,160
Notes Payable - Due in more than one year	849,474	-	-	849,474
Vested Employee Benefits - Due in more than one year	118,849	61,380	282,019	462,248
OPEB Obligation - Due in more than one year	15,411,822	172,655	-	15,584,477
Net Pension Liability - Due in more than one year	10,757,216	492,594	7,304,636	18,554,446
TOTAL LIABILITIES	28,954,685	782,162	7,928,332	37,665,179
DEFERRED INFLOWS OF RESOURCES:				
Pension & OPEB Related Items	4,834,995	73,073	2,118	4,910,186
Taxes Levied for a Subsequent Period	878,246	-	-	878,246
Total Deferred Inflows of Resources	5,713,241	73,073	2,118	5,788,432
NET POSITION:				
Net Investment in Capital Assets	100,574,872	20,987,590	9,117,335	130,679,797
Unrestricted	(27,671,648)	2,544,951	(4,015,764)	(29,142,461)
TOTAL NET POSITION	\$ 72,903,224	\$ 23,532,541	\$ 5,101,571	\$ 101,537,336

County of Chippewa, Michigan

Statement of Activities Component Units For the Year Ended December 31, 2020

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 9/30/2020	
Road Commission:								
Public Works	\$ 9,749,020	\$ 3,453,632	\$ 4,826,590	\$ 8,542,953	\$ 7,074,155	\$ -	\$ -	\$ 7,074,155
Economic Development Corporation:								
Economic Development	4,592,840	2,755,238	50,000	1,322,187	-	(465,415)	-	(465,415)
E.U.P. Transportation Authority:								
Public Works	5,109,605	4,722,065	21,684	1,596,962	-	-	1,231,106	1,231,106
Total Component Units	<u>\$ 19,451,465</u>	<u>\$ 10,930,935</u>	<u>\$ 4,898,274</u>	<u>\$ 11,462,102</u>	<u>7,074,155</u>	<u>(465,415)</u>	<u>1,231,106</u>	<u>7,839,846</u>
General Revenues:								
Taxes - Real Property					860,554	-	-	860,554
Interest Income					-	17,394	15,854	33,248
Gain (Loss) on Disposal					277,506	743,455	-	1,020,961
Total General Revenues					<u>1,138,060</u>	<u>760,849</u>	<u>15,854</u>	<u>1,914,763</u>
Changes in Net Position					8,212,215	295,434	1,246,960	9,754,609
Net Position - Beginning					64,691,009	23,237,107	3,854,611	91,782,727
Net Position - Ending					<u>\$ 72,903,224</u>	<u>\$ 23,532,541</u>	<u>\$ 5,101,571</u>	<u>\$ 101,537,336</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, 2020 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, 2020.

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 2019 ad valorem tax is levied and collectible on December 1, 2019, and 2020 ad valorem tax is levied and collectible on July 1, 2020, 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, 2019 taxable valuation of the County of Chippewa totaled \$1,152,057,665 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, 2020 taxable valuation of the County of Chippewa totaled \$1,179,042,614 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 department.

Chippewa County Recycling Fund

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

The County reports the following major proprietary funds:

Tax Collection Fund

This fund accounts for property tax administration within the county.

Additionally, the County reports the following fund types:

Internal Service Funds

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

Fiduciary Funds

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's tax collection function and various other functions of the government. 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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Deferred Outflows of Resources – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has 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 for 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	\$ 9,577,354	\$ 10,455,281	\$ 20,032,635	\$ -	\$ 4,240,522
-Restricted	<u>131,245</u>	<u>-</u>	<u>131,245</u>	<u>15,742,141</u>	<u>724,317</u>
Total	<u>\$ 9,708,599</u>	<u>\$ 10,455,281</u>	<u>\$ 20,163,880</u>	<u>\$ 15,742,141</u>	<u>\$ 4,964,839</u>

The categories of cash and investments are as follows:

Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 26,645,833
Investments:	
Equity Mutual Funds	14,211,450
Petty Cash and Cash on Hand	<u>13,577</u>
Total	<u>\$ 40,870,860</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>14,211,450</u>	<u>-</u>	<u>-</u>	<u>-</u>	Unavailable
Total Investments	<u>\$ 14,211,450</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, 2020, 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, 2020:

- Investments held in the MERS Investment Services Program, which are primarily mutual funds used to fund retiree defined benefit pensions, with a balance of \$14,211,450 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, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 231,810	\$ -	\$ -	\$ 231,810
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	209,400	-	-	209,400
Buildings and Improvements	19,369,227	244,936	-	19,614,163
Furniture and Equipment	4,557,558	80,060	56,408	4,581,210
Vehicles	976,589	130,464	65,583	1,041,470
Subtotal	25,112,774	455,460	121,991	25,446,243
<i>Less Accumulated Depreciation:</i>				
Land Improvements	151,530	4,260	-	155,790
Buildings and Improvements	10,361,879	404,150	-	10,766,029
Furniture and Equipment	3,582,810	183,970	32,746	3,734,034
Vehicles	722,906	89,375	65,583	746,698
Subtotal	14,819,125	681,755	98,329	15,402,551
Net Capital Assets Being Depreciated	10,293,649	(226,295)	(23,662)	10,043,692
Capital Assets - Net	\$ 10,525,459	\$ (226,295)	\$ (23,662)	\$ 10,275,502

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

Health and Welfare	\$ 76,878
Unallocated	<u>604,877</u>
Total	<u>\$ 681,755</u>

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Chippewa County Road Commission year ended December 31, 2020, was as follows:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Adjustments/ Deductions</u>	<u>Ending Balances</u>
<i>Capital Assets Not Being Depreciated</i>				
Land and Improvements	\$ 372,230	\$ 1,000	\$ -	\$ 373,230
Land/Improvements - Infrastructure	<u>56,451,020</u>	<u>2,518,096</u>	<u>-</u>	<u>58,969,116</u>
Subtotal	<u>56,823,250</u>	<u>2,519,096</u>	<u>-</u>	<u>59,342,346</u>
<i>Capital Assets Being Depreciated</i>				
Buildings	5,184,161	88,172	7,080	5,265,253
Road Equipment	15,475,519	1,584,222	319,958	16,739,783
Shop Equipment	275,802	-	-	275,802
Office Equipment	79,467	-	-	79,467
Engineers' Equipment	67,122	-	-	67,122
Depletable Assets	1,228,438	-	-	1,228,438
Infrastructure – Roads	41,784,411	6,024,857	1,942,284	45,866,984
Infrastructure – Bridges	<u>22,196,461</u>	<u>-</u>	<u>-</u>	<u>22,196,461</u>
Subtotal	<u>86,291,381</u>	<u>7,697,251</u>	<u>2,269,322</u>	<u>91,719,310</u>
<i>Less Accumulated Depreciation</i>				
Buildings	3,001,490	132,454	7,080	3,126,864
Road Equipment	13,487,552	859,324	319,325	14,027,551
Shop Equipment	271,753	1,827	-	273,580
Office Equipment	60,901	11,883	-	72,784
Engineers' Equipment	57,756	8,348	-	66,104
Depletable Assets	437,110	18,289	-	455,399
Infrastructure – Roads	20,786,356	2,235,757	1,942,284	21,079,829
Infrastructure – Bridges	<u>9,707,864</u>	<u>406,175</u>	<u>-</u>	<u>10,114,039</u>
Subtotal	<u>47,810,782</u>	<u>3,674,057</u>	<u>2,268,689</u>	<u>49,216,150</u>
Net Capital Assets Being Depreciated	<u>38,480,599</u>	<u>4,023,194</u>	<u>(633)</u>	<u>42,503,160</u>
Total Net Capital Assets	<u>\$ 95,303,849</u>	<u>\$ 6,542,290</u>	<u>\$ (633)</u>	<u>\$ 101,845,506</u>

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

Total Depreciation Expense – Public Works \$ 3,674,057

NOTE 4 - CAPITAL ASSETS (Continued)

Capital asset activity of the Economic Development Corporation year ended December 31, 2020 was as follows:

	Beginning Balances	Additions	Adjustments/ Deductions	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ 2,052,634	\$ 151,625	\$ -	\$ 2,204,259
Construction in Progress	<u>11,832</u>	<u>388,836</u>	<u>-</u>	<u>400,668</u>
Subtotal	<u>2,064,466</u>	<u>540,461</u>	<u>-</u>	<u>2,604,927</u>
<i>Capital assets being depreciated:</i>				
Vehicles	2,919,856	-	-	2,919,856
Improvements	24,999,020	63,635	-	25,062,655
Buildings	11,328,619	-	36,480	11,292,139
Equipment	<u>4,267,794</u>	<u>665,240</u>	<u>422,500</u>	<u>4,510,534</u>
Subtotal	<u>43,515,289</u>	<u>728,875</u>	<u>458,980</u>	<u>43,785,184</u>
<i>Less accumulated depreciation:</i>				
Vehicles	1,643,333	191,203	-	1,834,536
Improvements	12,518,790	1,231,685	-	13,750,475
Buildings	6,293,205	378,515	29,944	6,641,776
Equipment	<u>3,351,809</u>	<u>204,176</u>	<u>380,251</u>	<u>3,175,734</u>
Subtotal	<u>23,807,137</u>	<u>2,005,579</u>	<u>410,195</u>	<u>25,402,521</u>
Net Capital Assets Being Depreciated	<u>19,708,152</u>	<u>(1,276,704)</u>	<u>48,785</u>	<u>18,382,663</u>
Capital assets – Net of depreciation	<u>\$ 21,772,618</u>	<u>\$ (736,243)</u>	<u>\$ 48,785</u>	<u>\$ 20,987,590</u>

Depreciation expense was charged to business-type activities for the Economic Development Corporation in the amount of \$2,005,579.

NOTE 4 - CAPITAL ASSETS (Continued)

Capital assets activity for the Eastern Upper Peninsula Transportation Authority year ended September 30, 2020, was as follows:

	Beginning Balances	Additions/ Adjustments	Deductions/ Adjustments	Ending Balances
<i>Capital assets not being depreciated:</i>				
Land	\$ -	\$ 515,694	\$ -	\$ 515,694
Construction in Progress	-	877,621	-	877,621
Subtotal	-	1,393,315	-	1,393,315
<i>Capital assets being depreciated:</i>				
EUPTA Assets	8,619	-	-	8,619
Busing Assets	875,943	156,220	-	1,032,163
Ferry Assets	21,738,868	165,066	-	21,903,934
Subtotal	22,623,430	321,286	-	22,944,716
<i>Less accumulated depreciation for:</i>				
EUPTA Assets	(4,456)	(1,363)	-	(5,819)
Busing Assets	(671,563)	(71,163)	-	(742,726)
Ferry Assets	(13,679,096)	(793,055)	-	(14,472,151)
Subtotal	(14,355,115)	(865,581)	-	(15,220,696)
Net Capital Assets Being Depreciated	8,268,315	(544,295)	-	7,724,020
Capital Assets - Net	\$ 8,268,315	\$ 849,020	\$ -	\$ 9,117,335

Depreciation expense was charged to business-type activities for the Eastern Upper Peninsula Transportation Authority in the amount of \$865,581.

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			
DUE TO OTHER FUNDS		General	Nonmajor Governmental	Tax Collection	Totals
	General	\$ -	\$ -	\$ 445,837	\$ 445,837
	County Ambulance	362	-	-	362
	Nonmajor Governmental	347,712	7,381	-	355,093
	Internal Service	197,033	-	-	197,033
	Total	<u>\$ 545,107</u>	<u>\$ 7,381</u>	<u>\$ 445,837</u>	<u>\$ 998,325</u>

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

		TRANSFERS (OUT)					
TRANSFERS IN		<u>General</u>	<u>Ambulance</u>	<u>Nonmajor Governmental</u>	<u>Tax Collection</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
	General	\$ 99,690	\$ -	\$ 33,170	\$ 660,654	\$ 13,786	\$ 807,300
	Nonmajor Governmental	549,375	174,214	-	-	-	723,589
	Tax Collections	-	-	-	3,636,378	-	3,636,378
	Total	<u>\$ 649,065</u>	<u>\$ 174,214</u>	<u>\$ 33,170</u>	<u>\$ 4,297,032</u>	<u>\$ 13,786</u>	<u>\$ 5,167,276</u>

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

NOTE 6 - LONG-TERM DEBT

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

	Interest Rate	Principal Matures	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities							
2000 Chippewa Co. Water Supply System Bonds (Series A)	4.50%	2036	\$ 299,958	\$ -	\$ 13,000	\$ 289,958	\$ 13,000
2013 City of Sault Ste. Marie Refunding Bonds	2.00% to 4.50%	2029	4,995,000	-	380,000	4,615,000	405,000
2011 City of Sault Ste. Marie Refunding Bonds	2.00% to 3.63%	2022	<u>755,000</u>	<u>-</u>	<u>255,000</u>	<u>500,000</u>	<u>250,000</u>
Total Governmental Activities			<u>\$ 6,049,958</u>	<u>\$ -</u>	<u>\$ 648,000</u>	<u>\$ 5,401,958</u>	<u>\$ 668,000</u>

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

Year End December 31	Governmental Activities	
	Principal	Interest
2021	\$ 668,000	\$ 210,501
2022	689,000	188,993
2023	465,000	164,405
2024	490,000	145,730
2025	516,000	130,188
2026-2030	2,452,000	295,431
2031-2035	115,000	14,953
2036	<u>6,958</u>	<u>157</u>
Total	<u>\$ 5,401,958</u>	<u>\$ 1,150,356</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.

	Beginning Balances	Net (Deductions)/ Additions	Ending Balances
Vested Employee Benefits	<u>\$ 460,349</u>	<u>\$ 42,260</u>	<u>\$ 502,609</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	\$ 339,111
Sick Leave	161,730
Other	<u>1,768</u>
TOTALS	<u>\$ 502,609</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 \$3,760 including interest of 2.75%, due 2020.	\$ 27,691	\$ -	\$ 27,691	\$ -	\$ -
Installment payable secured by equipment, payable in monthly installments of \$12,103 including interest of 3.31%, due 2023.	456,364	-	130,390	325,974	136,505
Installment payable secured by equipment, payable in monthly installments of \$3,598 including interest of 3.25%, due 2025.	-	199,000	18,479	180,521	37,958
Installment payable secured by equipment, payable in monthly installments of \$4,226 including interest of 3.25%, due 2025.	-	233,720	25,356	208,364	44,891
Note payable to bank, secured by equipment, payable in monthly installments of \$17,693 including interest of 2.30%, due 2025.	-	640,110	84,335	555,775	201,806
Installment payable secured by equipment, payable in monthly installments of \$4,026 including interest of 2.95%, due 2020.	<u>35,790</u>	<u>-</u>	<u>35,790</u>	<u>-</u>	<u>-</u>
Subtotal	519,845	1,072,830	322,041	1,270,634	<u>\$ 421,160</u>
Compensated Absences - net decrease	<u>133,385</u>	<u>-</u>	<u>14,536</u>	<u>118,849</u>	
TOTAL LONG-TERM DEBT	<u>\$ 653,230</u>	<u>\$ 1,072,830</u>	<u>\$ 336,577</u>	<u>\$ 1,389,483</u>	

NOTE 6 - LONG-TERM DEBT (Continued)

Annual debt service requirements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 421,160	\$ 30,430	\$ 451,590
2022	432,627	18,807	451,434
2023	284,174	7,554	291,728
2024	90,912	2,970	93,882
2025	<u>41,761</u>	<u>368</u>	<u>42,129</u>
Total	<u>\$ 1,270,634</u>	<u>\$ 60,129</u>	<u>\$ 1,330,763</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, 2020.

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 2020, the County contributed \$1,272,467 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 \$15,135,589 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 \$11,585,231 in assets in the County's OPEB trust, primarily in MERS CAPITAL APPR PORT and MERS TOTAL MARKET PORTFOLIO at 51.10% and 48.90%, respectively.

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
MERS CAPITAL APPR PORT (80/20)	51.10%	5.00%
MERS TOTAL MARET PORTFOLIO	48.90%	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.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2019	\$ 13,718,923	\$ 9,515,495	\$ 4,203,428
Service cost	107,865	-	107,865
Interest	730,479	-	730,479
Changes in assumptions	1,626,663	-	1,626,663
Difference between expected and actual experience	(423,644)	-	(423,644)
Contributions - Employer	-	1,272,467	(1,272,467)
Net investment income	-	1,425,972	(1,425,972)
Benefit payments	(624,697)	(611,813)	(12,884)
Administrative expense	-	(16,890)	16,890
Other Changes	-	-	-
Net changes	1,416,666	2,069,736	(653,070)
Balances as December 31, 2020	\$ 15,135,589	\$ 11,585,231	\$ 3,550,358

Covered payroll was \$2,191,706.

Actuarial determined contributions as percentage of covered payroll was 51.47%.

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

The December 31, 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.

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	<u>\$16,966,275</u>	<u>\$15,135,589</u>	<u>\$13,586,008</u>
<u>Trend</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$13,438,275</u>	<u>\$15,135,589</u>	<u>\$17,135,784</u>

For the year ended December 31, 2020, the County recognized an OPEB expense as follows:

Service Cost	\$ 107,865
Interest on total OPEB liability	730,479
Projected earnings on plan investments	(527,518)
Deferred outflows/inflows from experiences	(1,609,325)
Deferred outflows/inflows from assumption changes	2,647,490
Deferred outflows/inflows from investments (gains) or losses	(335,131)
Investment fees	<u>16,890</u>
Net OPEB Expense	<u>\$ 1,030,750</u>

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

At December 31, 2020, 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	\$ -	\$ 265,568
Changes in assumptions	2,876,579	-
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>1,185,087</u>
Total	<u>\$ 2,876,579</u>	<u>\$ 1,450,655</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>	
2020	\$ 1,970,637
2021	(29,890)
2022	(335,132)
2023	<u>(179,691)</u>
	<u>\$ 1,425,924</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, 2019, the Health Department contributed \$531,755 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 1/1/19, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>13</u>
Total participants covered by OPEB Plan	<u>45</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 \$6,554,610 was measured as of December 31, 2019, and was determined by an actuarial valuation as of January 1, 2019.

As of December 31, 2019, there was \$1,666,429 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, 2019 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	6.00%
Healthcare Cost Trend Rates	
- 2019 (Pre 65 / Post 65 / Rx)	(0.32%) / (0.56%) / (21.35%)
- 2020 Trend	9.50%
- Decrement	0.50%
-Ultimate Trend	5.00%
- Year Ultimate Trend is Reached	2029
Return on Plan Assets	6.00%
Salary Increases	2.00%
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the SOA RP-2014 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, 2019.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00%. 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, 2018	<u>\$ 6,205,219</u>	<u>\$ 1,274,164</u>	<u>\$ 4,931,055</u>
Service cost	28,663	-	28,663
Interest	380,228	-	380,228
Changes in Assumptions	2,669,641	-	2,669,641
Difference between expected and actual experience	(2,346,300)	-	(2,346,300)
Difference between actual and expected investment income	-	-	-
Contributions - Employer	-	531,755	(531,755)
Net investment income	-	275,380	(275,380)
Benefit payments	(382,841)	(412,146)	29,305
Other Changes	-	-	-
Administrative expense	-	(2,724)	2,724
Net changes	<u>349,391</u>	<u>392,265</u>	<u>(42,874)</u>
Balances as December 31, 2019	<u><u>\$ 6,554,610</u></u>	<u><u>\$ 1,666,429</u></u>	<u><u>\$ 4,888,181</u></u>

Covered payroll was \$605,594.

Total OPEB Liability as a percentage of covered payroll was 1082.3%.

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

The January 1, 2019 valuation was prepared using a discount rate of 6.00%. 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 Net OPEB Liability	<u>\$7,323,901</u>	<u>\$6,554,610</u>	<u>\$5,899,035</u>
<u>Trend</u>	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Total Net OPEB Liability	<u>\$5,836,554</u>	<u>\$6,554,610</u>	<u>\$7,395,116</u>

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

Service Cost	\$ 28,663
Interest on total OPEB liability	380,228
Projected earnings on plan investments	(88,218)
Investment fees	2,724
Deferred outflows/inflows Multiple	<u>(2,015,453)</u>
Net OPEB Expense	<u><u>\$ (1,692,056)</u></u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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

At September 30, 2020, the Health Department reported deferred outflows / (inflows) of resources related to OPEB from the following sources:

Economic / Demographic Changes	\$ (2,645,998)
Assumption Changes or Inputs	1,736,562
Investment Gains & Losses	(149,730)
Contributions Subsequent to Measurement Date	260,490
Net Deferred Out/(In)flow of resources	<u>\$ (798,646)</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:

2021	\$ (2,645,998)
2022	1,736,592
2023	(149,730)
2024	260,490
	<u>\$ (798,646)</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 2020, the Corporation contributed \$100,327 to the plan. Total member contributions were \$0.

Employees Covered by Benefit Terms

As of December 31, 2020, 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>3</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, 2020, 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)	8.25% / 6.50%
Decrement	0.25%
Salary Increases	3.50%

Mortality rates: 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, 2020 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	<u>\$ 579,170</u>	<u>\$ 521,554</u>	<u>\$ 57,616</u>
Service cost	5,093	-	5,093
Interest on total OPEB liability	36,903	-	36,903
Change in assumptions	96,592	-	96,592
Difference between expected and actual experience	73,209	-	73,209
Contributions - Employer	-	100,327	(100,327)
Net investment income	-	18,330	(18,330)
Benefit payments	(21,822)	(42,711)	20,889
Administrative expense	-	(1,010)	1,010
Other Changes	-	-	-
Net changes	<u>189,975</u>	<u>74,936</u>	<u>115,039</u>
Balances as of December 31, 2020	<u><u>\$ 769,145</u></u>	<u><u>\$ 596,490</u></u>	<u><u>\$ 172,655</u></u>

Covered payroll was \$52,239.

Actuarial determined contribution as a percentage of covered payroll was 101.97%.

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>
Net OPEB Liability	\$265,685	\$172,655	\$93,910
<u>Trend</u>			
Net OPEB Liability	\$86,403	\$172,655	\$274,299

For the year ended December 31, 2020, the Corporation recognized an OPEB expense as follows:

Service Cost	\$ 5,093
Interest on total OPEB liability	36,903
Projected earnings on plan investments	(5,878)
Experience (gains) or losses	(26,499)
Changes in assumption	136,965
Net investment income	(27,951)
Investment fees	<u>1,010</u>
Net OPEB Expense	<u><u>\$ 119,643</u></u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

At December 31, 2020, the Corporation reported deferred outflows / inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 45,892	\$ -
Changes in assumptions	152,391	-
Net difference between projected and actual earnings on pension plan investments	-	15,710
Total	<u>\$ 198,283</u>	<u>\$ 15,710</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>	
2021	\$ 149,322
2022	37,205
2023	(5,878)
2024	<u>1,924</u>
	<u>\$ 182,573</u>

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

year 2020, the Road Commission contributed \$1,916,829 to the plan. Total member contributions were \$54,909. There are no long term contracts for contributions to the plan.

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	71
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>67</u>
Total participants covered by OPEB Plan	<u>138</u>

Total OPEB Liability and Trust Assets - The Road Commission's total OPEB liability was measured as of December 31, 2020, and was determined by an actuarial valuation as of December 31, 2019.

Actuarial assumptions and other inputs - The total OPEB liability was determined by an actuarial valuation as of December 31, 2020 and the following actuarial assumptions, applies to all periods included in the measurement:

Inflation	1.80%
Salary Increases	3.50%
Investment rate of return	6.02% including inflation
Discount rate	6.02%
20 year Aa Municipal Bond Rate	1.93%
Mortality	2010 Public General Employees and Healthy Retirees, with MP-2019 mortality improvement scale.

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, 2020 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	20%	5.95%
Mid Cap US	4	6.30
Small Cap US	4	5.50
International Equities	25	4.90
Emerging Mkt Equity	8	6.50
Short Term Fixed Inc.	14	1.30
US Fixed Inc.	9	1.70
International Fixed Inc.	2	1.50
Inflation – Linked	2	2.40
High Yield	4	3.30
Master Limited Partnerships	4	5.20
Precious Metals (Commodities)	4	1.50

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

The sum of each target allocation times its long-term expected rate results in a long-term expected rate of return of 6.02%.

Discount Rate - The discount rate used to measure the total OPEB liability was 6.02%. The projection of cash flows used to determine the discount rate assumed that the Road Commission will make annual \$1,000,000 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.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at December 31, 2019	<u>\$ 18,230,242</u>	<u>\$ 1,657,569</u>	<u>\$ 16,572,673</u>
Service cost	113,097	-	113,097
Interest	1,099,108	-	1,099,108
Experience (gains)/losses	25,384	-	25,384
Change in actuarial assumptions	(7,086)	-	(7,086)
Contributions to OPEB trust	-	800,000	(800,000)
Contributions/benefit paid			
from general operating funds	-	1,116,829	(1,116,829)
Net investment income	-	494,383	(494,383)
Benefit payments including			
refunds of employee contributions	(1,116,829)	(1,116,829)	-
Administrative expense	-	(19,858)	19,858
Net changes	<u>113,674</u>	<u>1,274,525</u>	<u>(1,160,851)</u>
Balances as December 31, 2020	<u><u>\$ 18,343,916</u></u>	<u><u>\$ 2,932,094</u></u>	<u><u>\$ 15,411,822</u></u>

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

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>\$17,400,022</u>	<u>\$15,411,822</u>	<u>\$13,732,073</u>

	Trend		
	1% Decrease	Current Rate	1% Increase
Net OPEB Liability	<u>\$13,486,654</u>	<u>\$15,411,822</u>	<u>\$17,689,412</u>

OPEB Expense

Components of Road Commission's OPEB Expense for the fiscal year ending December 31, 2020 are as follows:

Service Cost	\$ 113,097
Interest on Total OPEB Liability	1,099,108
Experience (Gains)/Losses	(79,686)
Changes of Assumptions	(2,452,880)
Projected Earnings on OPEB Plan Investments	(126,544)
Investment Earnings (Gains)/Losses	(79,002)
Administrative Expenses	<u>19,858</u>
Total OPEB Expense	<u>\$ (1,506,049)</u>

Deferred Outflows and Inflows of Resources Related to OPEB Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Experience (Gains)/Losses	\$ 15,390	\$ 156,774
Changes in Assumptions	-	3,988,905
Investment Earnings (Gains)/Losses	-	<u>324,892</u>
Total	<u>\$ 15,390</u>	<u>\$ 4,470,571</u>

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

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

<u>Year Ended December 31:</u>	
2021	\$ (2,611,568)
2022	(1,642,631)
2023	(127,415)
2024	(73,567)

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, 2019.

General Information about the Pension Plan

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)**01 – Gnrl Other: Closed to new hires, linked to Division HF**

	2019 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

02 – County Corrections: Closed to new hires, linked to Division HB

	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Future Retirees:	2.50% (Non-Compound)
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

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

	2019 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

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

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

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

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

	2019 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	50/25
	55/20
Early Retirement (Reduced):	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.50% (Non-Compound)
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

HA – Sheriff Rd after 5/1/10: Open Division, Linked to Division 20

	2019 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

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

	2019 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

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

	2019 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 5/1/2010)

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

	2019 Valuation
Benefit Multiplier:	Hybrid Plan – 1.00% Multiplier
Normal Retirement Age:	60
Vesting:	6 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	-
Final Average Compensation:	3 years
Employee Contributions	0%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	<u>2019 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>2019 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)

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	179
Inactive employees entitled to but not yet receiving benefits	94
Active employees	<u>150</u>
	423

Funding Policy

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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

The contribution rate as a percentage of payroll or estimated monthly contributions at December 31, 2020 are as follows:

General – Other	\$ 31,986
Sheriff	13,447
Health Department	11,278
HD Non-Union	23,468
General – Non-Union	33,048
Sheriff – Road	10,473
Sheriff – Hired after 5/1/10	2,173
General – Non-Union hired after 5/1/10	6,423
Non-Union – Hired after 4/1/11	1,170
General Other – Hired after 4/1/12	2,569

Net Pension Liability

The County'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	2.5%
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 RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	3.70%
Global Fixed Income	20.0%	0.30%
Private Investments	20.0%	1.30%

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:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at December 31, 2019	\$ 45,479,421	\$ 30,395,287	\$ 15,084,134
Service cost	605,128	-	605,128
Interest on total pension liability	3,365,920	-	3,365,920
Changes in benefits	-	-	-
Difference between expected and actual experience	239,477	-	239,477
Changes in assumptions	1,280,006	-	1,280,006
Employer contributions	-	1,525,024	(1,525,024)
Employee contributions	-	92,163	(92,163)
Net investment income	-	3,875,792	(3,875,792)
Benefit payments, including employee refunds	(2,987,121)	(2,987,121)	-
Administrative expense	-	(63,027)	63,027
Other changes	136,328	48,458	87,870
Net changes	2,639,738	2,491,289	148,449
Balances at December 31, 2020	\$ 48,119,159	\$ 32,886,576	\$ 15,232,583

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, 2019. 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 \$13,658,894, \$8,900,887, and \$4,758,007, respectively.

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:

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

	1% Decrease (6.6%)	Current Discount Rate (7.6%)	1% Increase (8.6%)
County's net pension liability	\$20,515,729	\$15,232,583	\$10,755,233

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, 2020, the County recognized pension expense of \$1,978,872. At December 31, 2020, 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	\$ 229,323	\$ 210,246
Changes in assumptions	960,005	-
Net difference between projected and actual earnings on pension plan investments	-	823,400
Contributions subsequent to the measurement date	262,850	-
Total	\$ 1,452,178	\$ 1,033,646

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

Year Ended December 31:	
2020	\$ 61,776
2021	396,814
2022	35,972
2023	(338,880)

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, 2019.

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

	2019 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	0%
Act 88:	Yes (Adopted 11/20/1970)

02 – General: Open Division

	2019 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/25
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	5 years
Employee Contributions	2%
Act 88:	Yes (Adopted 2/1/2004)

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	91
Inactive employees entitled to but not yet receiving benefits	4
Active employees	<u>65</u>
	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 2020 was \$81,617.

Net Pension Liability

The Road Commission's net pension liability was measured as of December 31, 2019, 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, 2019 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 RP-2014 Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of January 1, 2019 through December 31, 2013.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60%	6.15%
Global Fixed Income	20%	1.26%
Private Investments	20%	6.56%

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)		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balances at December 31, 2019	<u>\$ 20,761,583</u>	<u>\$ 10,242,765</u>	<u>\$ 10,518,818</u>
Service cost	364,811	-	364,811
Interest on total pension liability	1,534,967	-	1,534,967
Changes in assumptions	584,149	-	584,149
Difference between expected and actual experience	98,920	-	98,920
Employer contributions	-	1,095,363	(1,095,363)
Employee contributions	-	58,181	(58,181)
Net investment income	-	1,276,335	(1,276,335)
Benefit payments, including employee refunds	(1,494,112)	(1,494,112)	-
Administrative expense	-	(20,343)	20,343
Other changes	65,087	-	65,087
Net changes	<u>1,153,822</u>	<u>915,424</u>	<u>238,398</u>
Balances as of December 31, 2020	<u><u>\$ 21,915,405</u></u>	<u><u>\$ 11,158,189</u></u>	<u><u>\$ 10,757,216</u></u>

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	\$13,088,850	\$10,757,126	\$8,772,397

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, 2020, the Road Commission recognized pension expense of \$1,243,954. At December 31, 2020, the Road Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 171,764	\$ -
Changes in assumptions	438,112	-
Net difference between projected and actual earnings on pension plan investments	-	364,424
Total	<u>\$ 609,876</u>	<u>\$ 364,424</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>	
2020	\$ 134,836
2021	258,557
2022	(40,589)
2023	(107,352)

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, 2019.

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

	2019 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	55/20
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
COLA for Current Retirees:	2.5% (Non-Compound)
Employee Contributions	2%
Act 88:	Yes (Adopted 3/15/1974)

17 – EDC General after 12/1/13: Open Division, linked to 13

	2019 Valuation
Benefit Multiplier:	1.50% Multiplier (80% max)
Normal Retirement Age:	60
Vesting:	10 Years
Early Retirement (Unreduced):	-
Early Retirement (Reduced):	50/25
	55/15
Final Average Compensation:	3 years
Employee Contributions	3%
Act 88:	Yes (Adopted 3/15/1974)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)Employees Covered by Benefit Terms

At December 31, 2020, 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, 2020 was \$5,486 per month.

Net Pension Liability

The EDC's net pension liability was measured as of December 31, 2019, 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, 2019 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 RP - 2014 Mortality Table of a 50% Male and 50% Female blend. For disabled retirees, RP - 2014 mortality table was used to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of January 1, 2009, through December 31, 2013.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	60.0%	6.15%
Global Fixed Income	20.0%	1.26%
Private Investments	20.0%	6.56%

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, 2019	\$ 1,992,778	\$ 1,495,054	\$ 497,724
Service cost	43,098	-	43,098
Interest on total pension liability	149,150	-	149,150
Changes in benefits	-	-	-
Difference between expected and actual experience	15,191	-	15,191
Changes in assumptions	58,202	-	58,202
Employer contributions	-	64,578	(64,578)
Employee contributions	-	13,174	(13,174)
Net investment income	-	191,292	(191,292)
Benefit payments, including employee refunds	(103,651)	(103,651)	-
Administrative expense	-	(3,011)	3,011
Other changes	(4,738)	-	(4,738)
Net changes	157,252	162,382	(5,130)
Balances at December 31, 2020	<u>\$ 2,150,030</u>	<u>\$ 1,657,436</u>	<u>\$ 492,594</u>

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	\$738,834	\$492,594	\$285,512

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, 2020, the Corporation recognized pension expense of \$102,617. At December 31, 2020, 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	\$ 1,603	\$ -
Changes in assumptions	38,801	-
Net difference between projected and actual earnings on pension plan investments	-	57,363
Total	<u>\$ 40,404</u>	<u>\$ 57,363</u>

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>	
2021	\$ 5,346
2022	25,967
2023	(31,779)
2024	(16,493)

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)***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, 2019.

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**2019 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**2019 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

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

	2019 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

Employees Covered by Benefit Term. At the December 31, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	31
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>21</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, 2020 for General (closed) is \$41,628, Bussing (closed) \$4,731 and General & Busing (open) is \$2,012.

Net Pension Asset. The employer's Net Pension Liability was measured as of December 31, 2019, 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, 2019 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%.

Mortality rates used were based on the RP-2014 Group Annuity Mortality Table of a 50% Male and 50% Female blend.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009 - 2013.

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	55.5%	3.41%
Global Fixed Income	18.5%	0.23%
Real Assets	13.5%	0.97%
Diversifying Strategies	12.5%	0.63%

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, 2018	\$ 12,066,747	\$ 4,969,434	\$ 7,097,313
Service cost	128,507	-	128,507
Interest on total pension liability	892,505	-	892,505
Difference between expected and actual experience	(30,351)	-	(30,351)
Changes in assumptions	402,832	-	402,832
Employer contributions	-	581,965	(581,965)
Net investment income	-	662,590	(662,590)
Benefit payments, including employee refunds	(775,031)	(775,031)	-
Administrative expense	-	(11,411)	11,411
Other changes	46,974	-	46,974
Net changes	665,436	458,113	207,323
Balances as of December 31, 2019	\$ 12,732,183	\$ 5,427,547	\$ 7,304,636

NOTE 10 - EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS (Continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the employer, calculated using the discount rate of 7.6%, 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 12/31/19	-	\$7,304,636	-
Change in Net Pension Liability	\$1,407,900	-	(\$1,192,727)
Calculated Net Pension Liability	\$8,712,536	\$7,304,636	\$6,111,909

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

For the year ended September 30, 2020, the employer recognized pension expense of \$972,894. 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	\$ 27,028	\$ -
Differences in assumptions	302,124	-
Excess (Deficit) Investment Returns	-	2,118
Contributions subsequent to the measurement date	456,627	-
Total	<u>\$ 785,779</u>	<u>\$ 2,118</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, 2020.

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>	
2021	102,869
2022	127,654
2023	157,482
2024	(60,971)

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

	December 31, 2020	
	Required Balance	Actual Balance
Bond Reserves		
Water Supply System Revenue Bond Series 2000	\$ 34,600	\$ 34,600
Repair, Replacement and Improvements		
Water Supply System Revenue Bond Series 2000	\$ 39,925	\$ 39,925*

*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 Governmental</u>	<u>Total</u>
Nonspendable:							
Prepaid Items and Inventory	\$ 93,225	\$ 40,122	\$ -	\$ -	\$ -	\$ 19,159	\$ 152,506
Restricted for:							
Public Safety	-	-	-	-	-	945,745	945,745
Health and Welfare	-	96,645	18,798	-	-	-	115,443
Bond Retirement	-	-	-	-	-	34,600	34,600
Committed:							
Public Works	-	-	-	-	-	7,503	7,503
Assigned:							
Judicial	-	-	-	-	-	258,637	258,637
General Government	7,310	-	-	-	-	120,116	127,426
Public Safety	-	-	-	-	-	633,505	633,505
Health and Welfare	-	1,690,218	-	-	-	14,432	1,704,650
Public Works	-	-	-	-	182,503	61,573	244,076

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, 2020

	2020	2019	2018	2017	2016	2015
Total pension liability						
Service cost	\$ 605,128	\$ 639,114	\$ 634,541	\$ 658,712	\$ 684,077	\$ 688,332
Interest	3,365,920	3,461,811	3,385,669	3,265,125	3,009,234	2,979,321
Difference between expected and actual experience	239,477	(154,500)	(333,125)	96,527	166,122	-
Change in assumptions	1,280,006	-	-	-	1,584,621	-
Benefit payments, including refund of member contributions	(2,987,121)	(2,767,443)	(2,556,950)	(2,287,670)	(2,184,386)	(2,035,612)
Net transfers	-	-	-	-	(27,518)	-
Other changes	136,328	(36,367)	(75,393)	(79,187)	26,654	(48,905)
Net change in total pension liability	2,639,738	1,142,615	1,054,742	1,653,507	3,258,804	1,583,136
Total pension liability - beginning	45,479,421	44,336,806	43,282,064	41,628,557	38,369,753	36,786,617
Total pension liability - ending	<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	\$ 1,525,024	\$ 1,775,846	\$ 1,608,967	\$ 1,477,710	\$ 1,149,992	\$ 1,169,588
Contributions - employee	92,163	101,006	101,742	111,720	158,580	127,301
Net investment income	3,875,792	2,310,083	335,193	3,383,628	1,825,377	264,835
Benefit payments, including refunds of member contributions	(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 Chnages	48,448	-	-	-	-	-
Administrative expense	(63,027)	(63,684)	(58,248)	(57,209)	(57,545)	(58,964)
Net change in plan fiduciary net position	2,491,279	1,355,808	(569,296)	2,670,330	864,500	(532,852)
Plan fiduciary net position - beginning	30,395,297	29,039,489	29,608,775	26,938,445	26,073,945	26,606,797
Plan fiduciary net position - ending	<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>\$ 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	68%	67%	65%	68%	65%	68%
Covered - employee payroll	\$ 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	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, 2020

	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 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	(1,525,024)	(1,775,846)	(1,608,967)	(1,477,710)	(1,149,992)	(1,169,588)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (283,490)</u>	<u>\$ (154,771)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,015</u>
Covered - employee payroll	\$ 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	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	19 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	Assumptions were based on the RP 2014 Group Annuity Mortality Table - Blended 50% Male / 50% Female

Employee Retirement and Benefit Systems
Required Supplementary Information
Schedule of Changes in the OPEB Liability and Related Ratios
Year Ended December 31, 2020

	2020	2019	2018
Total OPEB Liability - Beginning of Year	\$ 19,924,142	\$ 18,327,589	\$ 17,987,754
Service cost	136,528	114,754	153,104
Interest	1,110,707	1,272,839	1,463,014
Assumption changes and differences			
between actual and expected experience	4,296,304	1,370,953	335,885
Effect of economic/demographic gains or losses	(2,769,944)	(73,939)	(505,929)
Benefit payments	(1,007,538)	(1,088,054)	(1,049,927)
OPEB Liability - End of Year	<u>\$ 21,690,199</u>	<u>\$ 19,924,142</u>	<u>\$ 18,383,901</u>
Plan fiduciary net position			
Contributions - employer	\$ 1,804,222	\$ 1,855,878	\$ 1,684,225
Net investment income	1,701,352	1,710,877	1,081,405
Benefit payments	(1,023,959)	(1,049,412)	(1,017,435)
Administrative expense	(19,614)	(17,714)	(18,227)
Other Changes	-	94,555	-
Net change in plan fiduciary net position	2,462,001	2,594,184	1,729,968
Plan fiduciary net position - Beginning of Year	<u>\$ 10,789,659</u>	<u>8,195,475</u>	<u>6,869,164</u>
Plan fiduciary net position - End of Year	<u>\$ 13,251,660</u>	<u>\$ 10,789,659</u>	<u>\$ 8,599,132</u>
Net OPEB liability - End of Year	<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	61%	54%	47%
Covered Payroll	\$ 2,797,300	\$ 2,891,706	\$ 3,646,510
Net OPEB liability as a percentage of covered payroll	301.67%	315.89%	268.33%
Schedule of Employer Contributions			
Service cost	\$ 136,528	\$ 114,754	\$ 153,104
30 year amortization of NOL at 8.0%	1,411,937	1,630,679	1,671,807
Actuarially determined contribution	1,548,465	1,745,433	1,824,911
Actual Contribution	1,804,222	1,855,878	1,066,331
Contribution deficiency/(excess)	<u>\$ (255,757)</u>	<u>\$ (110,445)</u>	<u>\$ 758,580</u>
Covered Payroll	\$ 2,797,300	\$ 2,891,706	\$ 3,646,510
ADC as a percentage of payroll	55.36%	60.36%	50.05%

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 7,728,345	\$ 7,728,345	\$ 7,762,018	\$ 33,673
Licenses and Permits	39,000	39,000	37,882	(1,118)
Federal Sources	657,361	1,004,162	1,233,463	229,301
State Sources	1,874,118	1,859,118	1,566,714	(292,404)
Local Sources	155,000	155,000	99,592	(55,408)
Charges for Services	2,091,781	2,091,781	1,800,944	(290,837)
Interest and Rentals	120,000	120,000	114,172	(5,828)
Fines and Forfeitures	80,000	81,500	76,990	(4,510)
Other Revenue	151,590	151,590	294,636	143,046
TOTAL REVENUES	12,897,195	13,230,496	12,986,411	(244,085)
EXPENDITURES:				
Legislative:				
Board of Commissioners	52,357	52,357	48,120	4,237
Judicial:				
Juvenile Court	338,533	338,533	311,470	27,063
Circuit Court	487,978	543,978	451,683	92,295
District Court	579,873	579,873	543,987	35,886
Friend of the Court	477,366	480,182	452,244	27,938
Jury Board	6,481	8,181	8,079	102
Prosecuting Attorney	567,936	576,736	571,775	4,961
Probate Court	403,425	403,425	381,227	22,198
Public Defender	225,429	-	-	-
Bailiff	142,048	152,048	148,743	3,305
Total Judicial	3,229,069	3,082,956	2,869,208	213,748
General Government:				
Administrator	385,260	400,260	375,381	24,879
Information Systems	424,330	470,830	440,735	30,095
Elections	61,696	61,696	55,299	6,397
County Clerk	322,440	322,440	310,586	11,854
Equalization	249,128	249,128	231,756	17,372
Support Coordinator	119,703	116,887	84,678	32,209
Crime Victim Advocate	116,838	116,838	111,682	5,156
Remonumentation	130,898	130,898	112,028	18,870
Register of Deeds	349,691	359,691	355,999	3,692
Treasurer	329,011	329,011	307,459	21,552
Cooperative Extension	128,554	128,554	126,987	1,567
Buildings and Grounds	299,240	316,240	299,890	16,350
Health Set Aside	625,000	660,654	660,654	-
Drain Commission	1,719	1,719	1,164	555
Soil Conservation District	26,000	26,000	26,000	-
GIS Mapping	25,000	25,000	25,000	-
Surveyor	41,749	41,749	36,832	4,917
Total General Government	3,636,257	3,757,595	3,562,130	195,465

Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
Public Safety:				
Sheriff	1,338,292	1,484,209	1,439,293	44,916
Marine	21,250	21,250	11,340	9,910
Correctional Facility	2,755,350	2,807,250	2,806,575	675
Regional Planning Commission	23,200	23,200	23,200	-
Trident Task Force	92,388	102,388	90,956	11,432
Snowmobile Patrol Grant	37,750	37,750	18,950	18,800
O.R.V. Grant	36,702	36,702	27,405	9,297
Animal Control	268,131	268,131	253,624	14,507
Total Public Safety	4,573,063	4,780,880	4,671,343	109,537
Health and Welfare:				
Substance Abuse	77,500	100,000	99,748	252
Medical Examiner	85,000	85,000	82,256	2,744
Veterans Affairs	76,945	76,945	70,443	6,502
Total Health and Welfare	239,445	261,945	252,447	9,498
Other Expenditures:				
Retirees Hospitalization	540,283	570,283	565,340	4,943
Insurance	275,000	275,000	267,764	7,236
Legal Services	15,000	155,000	130,491	24,509
Audit	25,900	25,900	25,900	-
Postage Meter	3,200	3,200	2,818	382
Record Copier	9,500	9,500	7,495	2,005
Cost Allocation Plan	5,000	5,000	5,000	-
Miscellaneous	56,992	140,658	137,549	3,109
Appropriations	455,334	555,334	551,844	3,490
Total Other Expenditures	1,386,209	1,739,875	1,694,201	45,674
Capital Outlay:				
Bulding & Improvements	244,935	244,935	244,935	-
Equipment	66,251	66,251	66,251	-
Vehicle	70,000	77,000	42,638	34,362
Total Capital Outlay	381,186	388,186	353,824	34,362
TOTAL EXPENDITURES	13,497,586	14,063,794	13,451,273	612,521
EXCESS OF REVENUES OVER (UNDER)				
EXPENDITURES BEFORE OTHER				
FINANCING SOURCES (USES)	(600,391)	(833,298)	(464,862)	368,436
OTHER FINANCING SOURCES (USES):				
Transfers In	878,946	956,503	807,300	(149,203)
Transfers Out	(598,513)	(938,276)	(649,065)	289,211
TOTAL OTHER FINANCING SOURCES (USES)	280,433	18,227	158,235	140,008
NET CHANGE IN FUND BALANCE	<u>\$ (319,958)</u>	<u>\$ (815,071)</u>	(306,627)	<u>\$ 508,444</u>
FUND BALANCE BEGINNING OF YEAR			5,481,675	
FUND BALANCE END OF YEAR			<u>\$ 5,175,048</u>	

Required Supplementary Information
Budgetary Comparison Schedule
Health Department
For the Year Ended September 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Federal Sources	\$ 723,101	\$ 723,101	\$ 940,900	\$ 217,799
State Sources	327,873	327,873	534,953	207,080
Local Sources	244,739	244,739	364,960	120,221
Charges for Services	4,521,144	4,521,144	3,211,164	(1,309,980)
Other Revenue	705,207	705,207	401,800	(303,407)
TOTAL REVENUES	6,522,064	6,522,064	5,453,777	(1,068,287)
EXPENDITURES:				
Health and Welfare	6,517,909	6,517,909	5,240,905	1,277,004
TOTAL EXPENDITURES	6,517,909	6,517,909	5,240,905	1,277,004
NET CHANGE IN FUND BALANCES	\$ 4,155	\$ 4,155	212,872	\$ 208,717
FUND BALANCE, OCTOBER 1			1,614,113	
FUND BALANCE, SEPTEMBER 30			\$ 1,826,985	

County of Chippewa, Michigan

Required Supplementary Information Budgetary Comparison Schedule Ambulance For the Year Ended December 31, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES:				
Taxes	\$ 507,929	\$ 507,929	\$ 497,754	\$ (10,175)
TOTAL REVENUES	507,929	507,929	497,754	(10,175)
EXPENDITURES:				
Health and Welfare	330,154	330,154	323,540	6,614
TOTAL EXPENDITURES	330,154	330,154	323,540	6,614
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	177,775	177,775	174,214	(3,561)
OTHER FINANCING SOURCES (USES):				
Transfers Out	(177,775)	(177,775)	(174,214)	3,561
NET CHANGE IN FUND BALANCES	\$ -	\$ -	-	\$ -
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, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Taxes	\$ 593,356	\$ 593,356	\$ 581,649	\$ (11,707)
TOTAL REVENUES	593,356	593,356	581,649	(11,707)
EXPENDITURES:				
Health and Welfare	593,356	593,356	570,000	23,356
TOTAL EXPENDITURES	593,356	593,356	570,000	23,356
NET CHANGE IN FUND BALANCES	\$ -	\$ -	11,649	\$ 11,649
FUND BALANCES BEGINNING OF YEAR			7,149	
FUND BALANCES END OF YEAR			\$ 18,798	

**Required Supplementary Information
Budgetary Comparison Schedule
Chippewa County Recycling
For the Year Ended December 31, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Taxes	\$ 594,068	\$ 594,068	\$ 585,197	\$ (8,871)
TOTAL REVENUES	594,068	594,068	585,197	(8,871)
EXPENDITURES:				
Public Works	681,960	681,960	605,000	76,960
TOTAL EXPENDITURES	681,960	681,960	605,000	76,960
NET CHANGE IN FUND BALANCES	<u>\$ (87,892)</u>	<u>\$ (87,892)</u>	(19,803)	<u>\$ 68,089</u>
FUND BALANCES BEGINNING OF YEAR			<u>202,306</u>	
FUND BALANCES END OF YEAR			<u>\$ 182,503</u>	

Other Information

County of Chippewa, Michigan

Combining Balance Sheet General Funds December 31, 2020

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Health Set Aside	Totals
ASSETS:							
Cash and Investments - Unrestricted	\$ 4,636,340	\$ 2,359	\$ 4,249	\$ 1,433	\$ 1,727	\$ -	\$ 4,646,108
Receivables:							
Accounts	6,199	-	-	-	-	-	6,199
Taxes	543,623	-	-	-	-	-	543,623
Interest	27,962	-	-	-	-	-	27,962
Due from Other Funds	545,107	-	-	-	-	-	545,107
Due from Governmental Units	335,900	1,733	-	-	-	-	337,633
Prepaid Items	93,225	-	-	-	-	-	93,225
TOTAL ASSETS	\$ 6,188,356	\$ 4,092	\$ 4,249	\$ 1,433	\$ 1,727	\$ -	\$ 6,199,857
LIABILITIES:							
Due to Other Funds	\$ 445,837	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 445,837
Accounts Payable	396,666	2,174	584	-	-	-	399,424
Due to Governmental Units	74,132	-	-	-	-	-	74,132
Accrued Liabilities	103,983	-	-	1,433	-	-	105,416
TOTAL LIABILITIES	1,020,618	2,174	584	1,433	-	-	1,024,809
FUND BALANCES:							
Nonspendable	93,225	-	-	-	-	-	93,225
Assigned	-	1,918	3,665	-	1,727	-	7,310
Unassigned	5,074,513	-	-	-	-	-	5,074,513
TOTAL FUND BALANCES	5,167,738	1,918	3,665	-	1,727	-	5,175,048
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,188,356	\$ 4,092	\$ 4,249	\$ 1,433	\$ 1,727	\$ -	\$ 6,199,857

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - General Funds For the Year Ended December 31, 2020

	General	Tax Exemption	Sheriff Special Projects	Trident Task Force	Livery Inspections	Health Set Aside	Totals
REVENUES:							
Taxes	\$ 7,760,099	\$ 1,919	\$ -	\$ -	\$ -	\$ -	\$ 7,762,018
Licenses and Permits	37,882	-	-	-	-	-	37,882
Federal Sources	1,233,463	-	-	-	-	-	1,233,463
State Sources	1,566,714	-	-	-	-	-	1,566,714
Local Sources	99,592	-	-	-	-	-	99,592
Charges for Services	1,800,944	-	-	-	-	-	1,800,944
Interest and Rentals	114,172	-	-	-	-	-	114,172
Fines and Forfeitures	76,990	-	-	-	-	-	76,990
Other Revenue	293,136	-	1,500	-	-	-	294,636
TOTAL REVENUES	12,982,992	1,919	1,500	-	-	-	12,986,411
EXPENDITURES:							
Legislative	48,120	-	-	-	-	-	48,120
Judicial	2,869,208	-	-	-	-	-	2,869,208
General Government	2,901,476	-	-	-	-	660,654	3,562,130
Public Safety	4,579,803	-	584	90,956	-	-	4,671,343
Health and Welfare	252,447	-	-	-	-	-	252,447
Capital Outlay	353,824	-	-	-	-	-	353,824
Other Expenditures	1,694,201	-	-	-	-	-	1,694,201
TOTAL EXPENDITURES	12,699,079	-	584	90,956	-	660,654	13,451,273
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	283,913	1,919	916	(90,956)	-	(660,654)	(464,862)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	55,690	-	-	90,956	-	660,654	807,300
Operating Transfers Out	(640,331)	(8,734)	-	-	-	-	(649,065)
TOTAL OTHER FINANCING SOURCES (USES)	(584,641)	(8,734)	-	90,956	-	660,654	158,235
NET CHANGE IN FUND BALANCES	(300,728)	(6,815)	916	-	-	-	(306,627)
FUND BALANCES BEGINNING OF YEAR	5,468,466	8,733	2,749	-	1,727	-	5,481,675
FUND BALANCES END OF YEAR	\$ 5,167,738	\$ 1,918	\$ 3,665	\$ -	\$ 1,727	\$ -	\$ 5,175,048

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	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	\$ 75,605	\$ 13,182	\$ 1,053	\$ -	\$ 14,196	\$ 150	\$ 46,304	\$ -
Cash and Investments - Restricted	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	-	1,398	52	4,267	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Governmental Units	-	10,235	-	4,919	-	-	-	3,306
Prepaid Items	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 75,605</u>	<u>\$ 24,815</u>	<u>\$ 1,105</u>	<u>\$ 9,186</u>	<u>\$ 14,196</u>	<u>\$ 150</u>	<u>\$ 46,304</u>	<u>\$ 3,306</u>
LIABILITIES:								
Due to Other Funds	\$ -	\$ 21,881	\$ -	\$ 8,756	\$ -	\$ -	\$ -	\$ 1,346
Accounts Payable	272	1,422	265	60	-	-	-	1,960
Accrued Liabilities	-	-	840	-	-	-	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>272</u>	<u>23,303</u>	<u>1,105</u>	<u>8,816</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,306</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	46,304	-
Committed	-	-	-	-	-	-	-	-
Assigned	75,333	1,512	-	370	14,196	150	-	-
TOTAL FUND BALANCES	<u>75,333</u>	<u>1,512</u>	<u>-</u>	<u>370</u>	<u>14,196</u>	<u>150</u>	<u>46,304</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 75,605</u>	<u>\$ 24,815</u>	<u>\$ 1,105</u>	<u>\$ 9,186</u>	<u>\$ 14,196</u>	<u>\$ 150</u>	<u>\$ 46,304</u>	<u>\$ 3,306</u>

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	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	\$ -	\$ 248,799	\$ 181,272	\$ 18,344	\$ 61,573	\$ 248,200	\$ 120,978	\$ 24,186
Cash and Investments - Restricted	-	-	-	-	-	-	-	-
Taxes Receivable	-	117,250	-	-	-	-	-	-
Accounts Receivable	-	-	-	-	-	-	545	-
Due from Other Funds	-	-	-	-	-	-	-	-
Due from Governmental Units	112,187	20	-	-	-	-	5	-
Prepaid Items	-	-	-	-	-	-	493	-
TOTAL ASSETS	<u>\$ 112,187</u>	<u>\$ 366,069</u>	<u>\$ 181,272</u>	<u>\$ 18,344</u>	<u>\$ 61,573</u>	<u>\$ 248,200</u>	<u>\$ 122,021</u>	<u>\$ 24,186</u>
LIABILITIES:								
Due to Other Funds	\$ 93,848	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Payable	18,339	10,841	-	-	-	5,300	1,412	-
Accrued Liabilities	-	-	-	-	-	734	-	-
Unearned Revenues	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>112,187</u>	<u>10,841</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,034</u>	<u>1,412</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	117,250	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	-	-	-	493	-
Restricted	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-
Assigned	-	237,978	181,272	18,344	61,573	242,166	120,116	24,186
TOTAL FUND BALANCES	<u>-</u>	<u>237,978</u>	<u>181,272</u>	<u>18,344</u>	<u>61,573</u>	<u>242,166</u>	<u>120,609</u>	<u>24,186</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 112,187</u>	<u>\$ 366,069</u>	<u>\$ 181,272</u>	<u>\$ 18,344</u>	<u>\$ 61,573</u>	<u>\$ 248,200</u>	<u>\$ 122,021</u>	<u>\$ 24,186</u>

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	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	\$ 6,545	\$ 65,518	\$ 2,623	\$ 27,442	\$ 7,144	\$ 29,314	\$ -	\$ 2,373	\$ 390
Cash and Investments - Restricted	-	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-	-
Accounts Receivable	-	62	-	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-	-	-	-
Due from Governmental Units	-	-	-	-	1,766	6,447	48,952	-	-
Prepaid Items	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,545</u>	<u>\$ 65,580</u>	<u>\$ 2,623</u>	<u>\$ 27,442</u>	<u>\$ 8,910</u>	<u>\$ 35,761</u>	<u>\$ 48,952</u>	<u>\$ 2,373</u>	<u>\$ 390</u>
LIABILITIES:									
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,631	\$ -	\$ -
Accounts Payable	286	-	-	-	99	-	-	-	390
Accrued Liabilities	-	-	-	-	-	222	1,321	-	-
Unearned Revenues	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	<u>286</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>222</u>	<u>48,952</u>	<u>-</u>	<u>390</u>
DEFERRED INFLOWS OF RESOURCES:									
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-	-
FUND BALANCES:									
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	65,580	-	-	-	-	-	2,373	-
Committed	-	-	-	-	-	-	-	-	-
Assigned	6,259	-	2,623	27,442	8,811	35,539	-	-	-
TOTAL FUND BALANCES	<u>6,259</u>	<u>65,580</u>	<u>2,623</u>	<u>27,442</u>	<u>8,811</u>	<u>35,539</u>	<u>-</u>	<u>2,373</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 6,545</u>	<u>\$ 65,580</u>	<u>\$ 2,623</u>	<u>\$ 27,442</u>	<u>\$ 8,910</u>	<u>\$ 35,761</u>	<u>\$ 48,952</u>	<u>\$ 2,373</u>	<u>\$ 390</u>

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2020

	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	\$ 287,988	\$ 6,985	\$ 350	\$ 236	\$ 360,257	\$ 6,047	\$ -	\$ 76,761
Cash and Investments - Restricted	-	-	-	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-	-	-
Accounts Receivable	865	-	-	-	-	-	120,552	98
Due from Other Funds	-	-	-	-	-	-	7,381	-
Due from Governmental Units	-	17,176	-	-	-	13,833	49,108	-
Prepaid Items	-	-	-	922	-	-	-	17,744
TOTAL ASSETS	<u><u>\$ 288,853</u></u>	<u><u>\$ 24,161</u></u>	<u><u>\$ 350</u></u>	<u><u>\$ 1,158</u></u>	<u><u>\$ 360,257</u></u>	<u><u>\$ 19,880</u></u>	<u><u>\$ 177,041</u></u>	<u><u>\$ 94,603</u></u>
LIABILITIES:								
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,605	\$ 160,645	\$ 7,381
Accounts Payable	1,427	22,932	-	-	8,450	6,275	2,981	7,005
Accrued Liabilities	-	1,229	-	-	-	-	13,415	4,784
Unearned Revenues	-	-	-	-	351,807	-	-	-
TOTAL LIABILITIES	<u>1,427</u>	<u>24,161</u>	<u>-</u>	<u>-</u>	<u>360,257</u>	<u>19,880</u>	<u>177,041</u>	<u>19,170</u>
DEFERRED INFLOWS OF RESOURCES:								
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-
FUND BALANCES:								
Nonspendable	-	-	-	922	-	-	-	17,744
Restricted	287,426	-	350	-	-	-	-	57,689
Committed	-	-	-	-	-	-	-	-
Assigned	-	-	-	236	-	-	-	-
TOTAL FUND BALANCES	<u>287,426</u>	<u>-</u>	<u>350</u>	<u>1,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,433</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 288,853</u></u>	<u><u>\$ 24,161</u></u>	<u><u>\$ 350</u></u>	<u><u>\$ 1,158</u></u>	<u><u>\$ 360,257</u></u>	<u><u>\$ 19,880</u></u>	<u><u>\$ 177,041</u></u>	<u><u>\$ 94,603</u></u>

County of Chippewa, Michigan

Combining Balance Sheet Nonmajor Governmental Funds December 31, 2020

	Special Revenue Funds			Debt Service Funds				Capital Project Fund	
	911 State Training	Correctional Facility Maintenance	Seat Belt	2013 Refunding Debt	Superior Township 2000 Improvement Bond Reserve	Superior Township Improvements Debt	2011 Refunding Debt	Hakola-Ross Drainage	Totals
ASSETS:									
Cash and Investments - Unrestricted	\$ 22,300	\$ 487,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,503	\$ 2,451,471
Cash and Investments - Restricted	-	-	-	-	34,600	-	-	-	34,600
Taxes Receivable	-	-	-	-	-	-	-	-	117,250
Accounts Receivable	-	-	-	-	-	-	-	-	127,839
Due from Other Funds	-	-	-	-	-	-	-	-	7,381
Due from Governmental Units	7,857	101	-	-	-	-	-	-	275,912
Prepaid Items	-	-	-	-	-	-	-	-	19,159
TOTAL ASSETS	<u>\$ 30,157</u>	<u>\$ 487,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,503</u>	<u>\$ 3,033,612</u>
LIABILITIES:									
Due to Other Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 355,093
Accounts Payable	-	1,931	-	-	-	-	-	-	91,647
Accrued Liabilities	-	-	-	-	-	-	-	-	22,545
Unearned Revenues	-	-	-	-	-	-	-	-	351,807
TOTAL LIABILITIES	<u>-</u>	<u>1,931</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>821,092</u>
DEFERRED INFLOWS OF RESOURCES:									
Taxes Levied for a Subsequent Period	-	-	-	-	-	-	-	-	117,250
FUND BALANCES:									
Nonspendable	-	-	-	-	-	-	-	-	19,159
Restricted	-	486,023	-	-	34,600	-	-	-	980,345
Committed	-	-	-	-	-	-	-	7,503	7,503
Assigned	30,157	-	-	-	-	-	-	-	1,088,263
TOTAL FUND BALANCES	<u>30,157</u>	<u>486,023</u>	<u>-</u>	<u>-</u>	<u>34,600</u>	<u>-</u>	<u>-</u>	<u>7,503</u>	<u>2,095,270</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 30,157</u>	<u>\$ 487,954</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,503</u>	<u>\$ 3,033,612</u>

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2020**

	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	-	53,566	-	-	-	-	25,346	-
State Sources	-	-	-	29,568	-	-	-	3,306
Local Sources	-	6,113	-	-	-	-	-	-
Charges for Services	15,698	5,030	107,263	400	-	2,085	-	4,140
Interest and Rentals	-	-	-	-	-	-	-	-
Other Revenue	-	9,365	132	6,116	25,766	-	-	-
TOTAL REVENUES	15,698	74,074	107,395	36,084	25,766	2,085	25,346	7,446
EXPENDITURES:								
Judicial	3,654	73,402	-	36,401	-	-	-	7,446
General Government	-	-	-	-	-	-	-	-
Public Safety	-	-	108,551	-	-	-	183	-
Public Works	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	2,040	-	-
Capital Outlay	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	3,654	73,402	108,551	36,401	-	2,040	183	7,446
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES BEFORE OTHER								
FINANCING SOURCES (USES)	12,044	672	(1,156)	(317)	25,766	45	25,163	-
OTHER FINANCING SOURCES (USES):								
Transfers In	-	840	1,156	687	-	-	-	-
Transfers Out	-	-	-	-	(33,170)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	840	1,156	687	(33,170)	-	-	-
NET CHANGE IN FUND BALANCES	12,044	1,512	-	370	(7,404)	45	25,163	-
FUND BALANCES BEGINNING OF YEAR	63,289	-	-	-	21,600	105	21,141	-
FUND BALANCES END OF YEAR	\$ 75,333	\$ 1,512	\$ -	\$ 370	\$ 14,196	\$ 150	\$ 46,304	\$ -

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2020**

	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	\$ -	\$ 116,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	188,605	-	-	-	-	-	-	-
State Sources	-	-	13,634	-	-	-	-	-
Local Sources	-	-	-	-	12,655	-	-	-
Charges for Services	-	-	-	-	-	206,720	49,575	-
Interest and Rentals	-	-	-	-	205	-	-	-
Other Revenue	-	160	-	21,758	-	1,236	-	562
TOTAL REVENUES	188,605	116,544	13,634	21,758	12,860	207,956	49,575	562
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	-
General Government	-	-	-	-	-	-	24,578	-
Public Safety	139,495	97,239	-	-	-	144,029	-	4,763
Public Works	-	-	-	18,527	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-
Capital Outlay	49,110	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	188,605	97,239	-	18,527	-	144,029	24,578	4,763
EXCESS OF REVENUES OVER (UNDER)								
EXPENDITURES BEFORE OTHER								
FINANCING SOURCES (USES)	-	19,305	13,634	3,231	12,860	63,927	24,997	(4,201)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	-	19,305	13,634	3,231	12,860	63,927	24,997	(4,201)
FUND BALANCES BEGINNING OF YEAR	-	218,673	167,638	15,113	48,713	178,239	95,612	28,387
FUND BALANCES END OF YEAR	\$ -	\$ 237,978	\$ 181,272	\$ 18,344	\$ 61,573	\$ 242,166	\$ 120,609	\$ 24,186

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2020**

	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	-	-	2,300	-	-	30,718	89,396	-	-
Local Sources	-	-	-	-	-	-	-	-	-
Charges for Services	1,100	27,322	-	7,279	2,766	-	-	-	3,500
Interest and Rentals	-	-	-	-	-	-	-	-	-
Other Revenue	-	-	-	-	-	731	-	2,373	-
TOTAL REVENUES	1,100	27,322	2,300	7,279	2,766	31,449	89,396	2,373	3,500
EXPENDITURES:									
Judicial	-	-	-	-	-	-	-	-	3,827
General Government	-	-	-	-	-	-	-	-	-
Public Safety	316	2,812	-	7,464	2,991	27,153	167,427	-	-
Public Works	-	-	-	-	-	-	-	-	-
Health and Welfare	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	38,716	-	-	-
Debt Service	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	316	2,812	-	7,464	2,991	65,869	167,427	-	3,827
EXCESS OF REVENUES OVER (UNDER)									
EXPENDITURES BEFORE OTHER									
FINANCING SOURCES (USES)	784	24,510	2,300	(185)	(225)	(34,420)	(78,031)	2,373	(327)
OTHER FINANCING SOURCES (USES):									
Transfers In	-	-	-	-	-	-	78,031	-	109
Transfers Out	-	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	78,031	-	109
NET CHANGE IN FUND BALANCES	784	24,510	2,300	(185)	(225)	(34,420)	-	2,373	(218)
FUND BALANCES BEGINNING OF YEAR	5,475	41,070	323	27,627	9,036	69,959	-	-	218
FUND BALANCES END OF YEAR	\$ 6,259	\$ 65,580	\$ 2,623	\$ 27,442	\$ 8,811	\$ 35,539	\$ -	\$ 2,373	\$ -

County of Chippewa, Michigan

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds For the Year Ended December 31, 2020

	Special Revenue Funds						
	Animal Shelter Donations	Highway Safety	Sheriff Search & Rescue	Chippewa County DHS Appropriation	MIDC Indigent Defense	Probate Child Care	Office of Emergency Services
REVENUES:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Sources	-	-	-	-	-	80,146	36,197
State Sources	-	38,273	-	-	148,499	110,452	-
Local Sources	-	-	-	-	-	7,500	-
Charges for Services	-	-	-	-	-	491,877	-
Interest and Rentals	-	-	-	-	951	-	-
Other Revenue	39,465	-	350	-	182	305	13,703
TOTAL REVENUES	39,465	38,273	350	-	149,632	118,257	49,900
EXPENDITURES:							
Judicial	-	-	-	-	453,681	-	-
General Government	-	-	-	-	-	-	-
Public Safety	9,110	38,273	-	-	-	994,799	134,248
Public Works	-	-	-	-	-	-	-
Health and Welfare	-	-	-	17,425	-	265,335	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
TOTAL EXPENDITURES	9,110	38,273	-	17,425	453,681	265,335	134,248
EXCESS OF REVENUES OVER (UNDER)							
EXPENDITURES BEFORE OTHER							
FINANCING SOURCES (USES)	30,355	-	350	(17,425)	(304,049)	(147,078)	(84,348)
OTHER FINANCING SOURCES (USES):							
Transfers In	-	-	-	17,425	304,049	147,078	135,943
Transfers Out	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	17,425	304,049	147,078	135,943
NET CHANGE IN FUND BALANCES	30,355	-	350	-	-	-	51,595
FUND BALANCES BEGINNING OF YEAR	257,071	-	-	1,158	-	-	23,838
FUND BALANCES END OF YEAR	\$ 287,426	\$ -	\$ 350	\$ 1,158	\$ -	\$ -	\$ 75,433

**Combining Statement of Revenues, Expenditures, and
Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended December 31, 2020**

	Special Revenue Funds			Debt Service Funds			Capital Fund	
	911 State Training	Correctional Facility Maintenance	Seat Belt	2013 Refunding Debt	Superior Twp 2000 Improvement Bond Reserve	Superior Township Improvements Debt	2011 Refunding Debt	Hakola-Ross Drainage
								Totals
REVENUES:								
Taxes	\$ -	\$ 337	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,721
Federal Sources	-	-	-	-	-	-	-	383,860
State Sources	13,796	-	-	-	-	-	-	653,775
Local Sources	-	-	-	571,469	-	26,206	281,738	905,681
Charges for Services	-	-	-	-	-	-	-	924,755
Interest and Rentals	-	-	-	-	-	-	-	1,156
Other Revenue	-	-	-	-	-	-	-	332,876
TOTAL REVENUES	13,796	337	-	571,469	-	26,206	281,738	3,318,824
EXPENDITURES:								
Judicial	-	-	-	-	-	-	-	578,411
General Government	-	-	-	-	-	-	-	24,578
Public Safety	7,637	41,178	-	-	-	-	-	1,927,668
Public Works	-	-	-	-	-	-	-	18,527
Health and Welfare	-	-	-	-	-	-	-	284,800
Capital Outlay	-	-	-	-	-	-	-	87,826
Debt Service	-	-	-	571,469	-	26,206	281,738	879,413
TOTAL EXPENDITURES	7,637	41,178	-	571,469	-	26,206	281,738	3,801,223
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES (USES)	6,159	(40,841)	-	-	-	-	-	(482,399)
OTHER FINANCING SOURCES (USES):								
Transfers In	-	-	-	-	-	-	-	723,589
Transfers Out	-	-	-	-	-	-	-	(33,170)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	690,419
NET CHANGE IN FUND BALANCES	6,159	(40,841)	-	-	-	-	-	208,020
FUND BALANCES BEGINNING OF YEAR	23,998	526,864	-	-	34,600	-	-	1,887,250
FUND BALANCES END OF YEAR	\$ 30,157	\$ 486,023	\$ -	\$ -	\$ 34,600	\$ -	\$ 7,503	\$ 2,095,270

Combining Statement of Net Position
Major Tax Collection Enterprise Fund
December 31, 2020

	2017 Tax Revolving	2018 Tax Revolving	2019 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
ASSETS:						
Cash and Investments - Unrestricted	\$ 1,640,165	\$ 727,940	\$ 2,712,788	\$ 4,830,578	\$ 43,564	\$ 9,955,035
Taxes Receivable	3,094	253,178	1,137,370	2,562	-	1,396,204
Due from Other Funds	-	445,837	-	-	-	445,837
Accrued Interest Receivable	-	83,549	113,737	240	-	197,526
TOTAL ASSETS	<u>\$ 1,643,259</u>	<u>\$ 1,510,504</u>	<u>\$ 3,963,895</u>	<u>\$ 4,833,380</u>	<u>\$ 43,564</u>	<u>\$ 11,994,602</u>
LIABILITIES:						
Due to Governmental Units	\$ 174	\$ 33,447	\$ 1,810	\$ 59,956	\$ -	\$ 95,387
TOTAL LIABILITIES	<u>174</u>	<u>33,447</u>	<u>1,810</u>	<u>59,956</u>	<u>-</u>	<u>95,387</u>
NET POSITION:						
Unrestricted	<u>1,643,085</u>	<u>1,477,057</u>	<u>3,962,085</u>	<u>4,773,424</u>	<u>43,564</u>	<u>11,899,215</u>
TOTAL NET POSITION	<u>1,643,085</u>	<u>1,477,057</u>	<u>3,962,085</u>	<u>4,773,424</u>	<u>43,564</u>	<u>11,899,215</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,643,259</u>	<u>\$ 1,510,504</u>	<u>\$ 3,963,895</u>	<u>\$ 4,833,380</u>	<u>\$ 43,564</u>	<u>\$ 11,994,602</u>

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, 2020

	2017 Tax Revolving	2018 Tax Revolving	2019 Tax Revolving	Prior Years' Tax Revolving	Tax Revolving Admin	Totals
OPERATING REVENUES:						
Charges for Services	\$ 68,699	\$ 16,607	\$ 4,481	\$ 302	\$ -	\$ 90,089
Penalties and Interest Charges	20,771	182,519	321,226	60	-	524,576
TOTAL OPERATING REVENUES	89,470	199,126	325,707	362	-	614,665
OPERATING EXPENSES:						
Other Supplies and Expenses	370	1,600	-	800	903	3,673
Total Operating Expenses	370	1,600	-	800	903	3,673
OPERATING INCOME (LOSS)	89,100	197,526	325,707	(438)	(903)	610,992
NON-OPERATING REVENUES (EXPENSES):						
Interest on Deposits	12,168	-	-	82,758	-	94,926
Total Non-operating Revenues (Expenses)	12,168	-	-	82,758	-	94,926
INCOME (LOSS) BEFORE TRANSFERS	101,268	197,526	325,707	82,320	(903)	705,918
Transfers In	-	-	3,636,378	-	-	3,636,378
Transfers Out	(660,654)	(2,636,378)	-	(1,000,000)	-	(4,297,032)
CHANGES IN NET POSITION	(559,386)	(2,438,852)	3,962,085	(917,680)	(903)	45,264
NET POSITION BEGINNING OF YEAR	2,202,471	3,915,909	-	5,691,104	44,467	11,853,951
NET POSITION END OF YEAR	\$ 1,643,085	\$ 1,477,057	\$ 3,962,085	\$ 4,773,424	\$ 43,564	\$ 11,899,215

Note: In the December 31, 2019 "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 "2016 Tax Revolving Fund" were \$5,595,654, \$95,450 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, 2020**

	State Education Tax Parcel Fee	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	Sheriff Commissary	Totals
ASSETS:						
Cash and Investments - Unrestricted	\$ 3,042	\$ 137,772	\$ 142,971	\$ 156,071	\$ 60,390	\$ 500,246
TOTAL ASSETS	<u>\$ 3,042</u>	<u>\$ 137,772</u>	<u>\$ 142,971</u>	<u>\$ 156,071</u>	<u>\$ 60,390</u>	<u>\$ 500,246</u>
NET POSITION:						
Unrestricted	\$ 3,042	\$ 137,772	\$ 142,971	\$ 156,071	\$ 60,390	\$ 500,246
TOTAL NET POSITION	<u>\$ 3,042</u>	<u>\$ 137,772</u>	<u>\$ 142,971</u>	<u>\$ 156,071</u>	<u>\$ 60,390</u>	<u>\$ 500,246</u>

County of Chippewa, Michigan

Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Funds For the Year Ended December 31, 2020

	State Education Tax Parcel Fee	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	Sheriff Commissary	Totals
OPERATING REVENUES:						
Charges for Service	\$ -	\$ -	\$ -	\$ 163,821	\$ 306,279	\$ 470,100
Penalties and Interest Charges	3,307	-	-	-	-	3,307
TOTAL OPERATING REVENUES	3,307	-	-	163,821	306,279	3,307
OPERATING EXPENSES:						
Other Supplies and Expenses	265	-	1,000	7,750	267,011	276,026
TOTAL OPERATING EXPENSES	265	-	1,000	7,750	267,011	276,026
OPERATING INCOME (LOSS)	3,042	-	(1,000)	156,071	39,268	197,381
INCOME (LOSS) BEFORE TRANSFERS	3,042	-	(1,000)	156,071	39,268	197,381
Transfers Out	(3,786)	-	-	-	(10,000)	(13,786)
CHANGES IN NET POSITION	(744)	-	(1,000)	156,071	29,268	183,595
NET POSITION BEGINNING OF YEAR	3,786	137,772	143,971	-	31,122	316,651
NET POSITION END OF YEAR	\$ 3,042	\$ 137,772	\$ 142,971	\$ 156,071	\$ 60,390	\$ 500,246

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2020**

	State Education Tax Parcel Fee	2015 Tax Foreclosure	2016 Tax Foreclosure	2017 Tax Foreclosure	Sheriff Commissary	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from Customers	\$ 3,307	\$ -	\$ -	\$ 163,821	\$ 306,279	\$ 473,407
Payments to Suppliers	(265)	-	(1,000)	(7,750)	(267,011)	(276,026)
Net Cash Provided (Used) by Operating Activities	3,042	-	(1,000)	156,071	39,268	197,381
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating Transfers Out	(3,786)	-	-	-	(10,000)	(13,786)
Net Cash Provided (Used) by Noncapital Financing Activities	(3,786)	-	-	-	(10,000)	(13,786)
Net Increase (Decrease) in Cash and Investments	(744)	-	(1,000)	156,071	29,268	183,595
Balances - Beginning of the Year	3,786	137,772	143,971	-	31,122	316,651
Balances - End of the Year	<u>\$ 3,042</u>	<u>\$ 137,772</u>	<u>\$ 142,971</u>	<u>\$ 156,071</u>	<u>\$ 60,390</u>	<u>\$ 500,246</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating Income (Loss)	\$ 3,042	\$ -	\$ (1,000)	\$ 156,071	\$ 39,268	\$ 197,381
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,042</u>	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ 156,071</u>	<u>\$ 39,268</u>	<u>\$ 197,381</u>

County of Chippewa, Michigan**Combining Statement of Net Position
Internal Service Funds
December 31, 2020**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
ASSETS:				
Cash and Investments - Unrestricted	\$ -	\$ 25,811	\$ 3,624	\$ 29,435
Due from Governmental Units	18,439	10,833	-	29,272
Inventory	-	-	4,780	4,780
Prepaid Expense	175,236	-	-	175,236
TOTAL ASSETS	\$ 193,675	\$ 36,644	\$ 8,404	\$ 238,723
LIABILITIES:				
Accounts Payable	\$ -	\$ 1,596	\$ -	\$ 1,596
Accrued Liabilities	190,315	486	6,232	197,033
TOTAL LIABILITIES	190,315	2,082	6,232	198,629
NET POSITION:				
Unrestricted	3,360	34,562	2,172	40,094
TOTAL NET POSITION	3,360	34,562	2,172	40,094
TOTAL LIABILITIES AND NET POSITION	\$ 193,675	\$ 36,644	\$ 8,404	\$ 238,723

County of Chippewa, Michigan**Combining Statement of Revenues, Expenses, and
Changes in Net Position - Internal Service Funds
For the Year Ended December 31, 2020**

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Total
OPERATING REVENUES:				
Charges for Services	\$ 2,967,309	\$ 143,408	\$ 12,615	\$ 3,123,332
Total Operating Revenues	2,967,309	143,408	12,615	3,123,332
OPERATING EXPENSES:				
Premium Payments	3,001,738	132,895	-	3,134,633
Supplies	-	-	11,053	11,053
Total Operating Expenses	3,001,738	132,895	11,053	3,145,686
OPERATING INCOME (LOSS)	(34,429)	10,513	1,562	(22,354)
NET POSITION BEGINNING OF YEAR	37,789	24,049	610	62,448
NET POSITION END OF YEAR	<u>\$ 3,360</u>	<u>\$ 34,562</u>	<u>\$ 2,172</u>	<u>\$ 40,094</u>

County of Chippewa, Michigan

Combining Statement of Cash Flows Internal Service Funds For the Year Ended December 31, 2020

	Self Insurance- Health	Self Insurance- Workers Comp.	Central Stores	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from Customers	\$ 2,948,870	\$ 161,350	\$ 12,615	\$ 3,122,835
Payments to Suppliers	(2,991,007)	(135,539)	(8,991)	(3,135,537)
Internal Activity - Receipts(Payments) with Other Funds	42,137	-	-	42,137
Net Cash Provided (Used) by Operating Activities	-	25,811	3,624	29,435
Net Increase (Decrease) in Cash and Investments	-	25,811	3,624	29,435
Balances - Beginning of the Year	-	-	-	-
Balances - End of the Year	\$ -	\$ 25,811	\$ 3,624	\$ 29,435
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (34,429)	\$ 10,513	\$ 1,562	\$ (22,354)
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	(18,439)	17,942	-	(497)
Inventory	-	-	2,062	2,062
Prepaid Expenses	10,731	-	-	10,731
Increase (Decrease) in Liabilities:				
Accounts Payable	-	(2,644)	-	(2,644)
Due to Other Funds	42,137	-	-	42,137
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 25,811	\$ 3,624	\$ 29,435

Reports on Compliance



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the 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, 2020, 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 July 7, 2021.

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Chippewa, Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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

July 7, 2021



ANDERSON, TACKMAN & COMPANY, PLC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the County of Chippewa, Michigan's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County of Chippewa, Michigan's major federal programs for the year ended December 31, 2020. The County of Chippewa, Michigan's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County of Chippewa, Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

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

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

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

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

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

July 7, 2021

County of Chippewa, Michigan

Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Women, Infant and Children - Resident Services	10.557	MDHHS	202MI003W1003	\$ -	\$ 174,284
Women, Infant and Children - Breastfeeding	10.557	MDHHS	202MI003W1003	-	16,904
Subtotal				-	191,188
<i>Forest Service Schools and Roads Cluster</i>					
Title III					
Schools and Roads Grants to States - Title I	10.665	MDNR	NA	-	25,346
Schools and Roads Grants to States - Title I	10.665	MDNR	N/A	289,668	289,668
Subtotal				289,668	315,014
Total U.S. Department of Agriculture				289,668	506,202
U.S. Department of Housing & Urban Development					
Community Development Block Grant	14.228	MEDC	CARES 220029-CVI	-	21,928
U.S. Department of Interior					
Community Development Block Grant	15.226	NA	NA	-	297,937
U.S. Department of Justice					
Coronavirus Emergency Supplemental Funding Program	16.034	MSP	CESF-15-2020	-	6,514
Coronavirus Emergency Supplemental Funding Program	16.034	MSP	CESF-8-17-0318	-	10,420
Total U.S. Department of Justice				-	16,934
U.S. Department of Transportation					
<i>Highway Planning and Constrction Cluster</i>					
Federal Transit Capital Grants					
Capital Grant - Section 70	20.205	MDOT	2017-0047 203928	-	91,872
Capital Grant - Section 70	20.205	MDOT	2017-0047 206929	-	643,942
Capital Grant - Section 70	20.205	MDOT	2012-0077 131372	-	16,000
Subtotal Program & Cluster				-	751,814

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, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Transportation (Continued)					
Capital Grant - Section 5339	20.526	MDOT	2017-0047 206422	-	103,662
Operating Assistance - Section 5311	20.509	MDOT	210257/210508	-	74,406
Operating Assistance - Section 5311 CARES	20.509	MDOT	2017-047 210257/210508	-	126,721
Operating Assistance - Section 5311 CARES	20.509	MDOT	2017-047 20565	-	640,389
Rural Transit Assistance Program (RTAP)	20.509	MDOT	N/A	-	4,268
Subtotal				-	845,784
<i>Transit Services Programs Cluster</i>					
Job Access and Reverse Commute Program (JARC)	20.516	MDOT	2017-0047PS	-	15,258
Subtotal Cluster				-	15,258
Airport Project	20.106	MDOT	CARES 3-26-0139-042-2020	-	902,276
Airport Project - State Administered	20.106	MDOT	3-26-0139-120	-	235,371
Subtotal				-	1,137,647
<i>Highway Safety Cluster</i>					
Office of Highway Safety Planning	20.601	MDC	03062	-	53,566
Subtotal Cluster				-	53,566
Total U.S. Department of Transportation				-	2,907,731
U.S. Department of Treasury					
Coronavirus Relief Fund	21.019	MDT	FRHPP0920	-	47,000
Coronavirus Relief Fund	21.019	MDT	PRPHPR0920	-	345,471
Coronavirus Relief Fund	21.019	MDT	CLRGG17-0000	-	273,058
Coronavirus Relief Fund	21.019	MDT	SLT0040	-	79,800
Total U.S. Department of Treasury				-	745,329

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, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Environmental Protection Agency					
<i>Drinking Water State Revolving Fund Cluster</i>					
Type II Operator Assisted	66.468	MDEQ	FS9754487-16	-	25,618
Subtotal Cluster				-	25,618
Great Lakes Beach Monitoring	66.472	MDEQ	CU00E99308	-	5,548
Total U.S. Environmental Protection Agency				-	31,166
U.S. Department of Health and Human Services					
Public Health Emergency Preparedness	93.069	MDHHS	NU90TP921906	-	86,801
Public Health Emergency Preparedness	93.069	MDHHS	NU90TP922062	-	24,600
Subtotal				-	111,401
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MDHHS	U52PS004693	-	202
Family Planning/BCCCP	93.217	MDHHS	FH PHPA006464	-	91,399
Immunization - Vaccines (noncash)	93.268	MDHHS	NA	-	74,641
Immunization - Fixed Fee	93.268	MDHHS	NH23IP000752	-	2,900
Immunization - IAP	93.268	MDHHS	NH23IP922635	-	20,778
Subtotal				-	98,319
Viral Hepatitis Prevention and Control	93.270	MDHHS	NU51PS005085	-	12,304
Tobacco	93.305	MDHHS	NU58DP00600	-	33,817
Epidemiology Prevention	93.323	MDHHS	NU50CK000510	-	91,142
COVID Infection Prevention	93.323	MDHHS	NU50CK000510	-	9,861
Subtotal				-	101,003
Child Support Enforcement	93.563	MDHHS	CSFOC-17-17001	-	311,281
Child Support Enforcement	93.563	MDHHS	CSPA-17-17002	-	67,576
Subtotal				-	378,857

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, 2020

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Continued)					
<i>Medicaid Cluster</i>					
Medicaid Outreach -Other	93.778	MDHHS	2005M15ADM	-	2,256
Medicaid Outreach	93.778	MDHHS	2005M15ADM	-	7,931
Needles Exchange	93.788	MDHHS	NA	-	36,814
HARM Redution	93.788	MDHHS	H79TI081712	-	4,863
Prevention Northcare	93.788	MDHHS	NA	-	21,300
Subtotal Medicaid Cluster				-	73,164
BCCCP Planning	93.898	MDHHS	NU58DP006334	-	3,423
Family Planning	93.991	MDHHS	NB01T009277	-	10,000
Enabling Services to Women	93.994	MDHHS	B04MC33846	-	14,248
Family Planning Services	93.994	MDHHS	B04MC33846	-	720
Maternal & Child Health Services Block Grant	93.994	MDHHS	B04MC33846	-	2,996
Maternal & Child Health Services Block Grant	93.994	MDHHS	B04MC33846	-	3,113
Subtotal				-	21,077
Total U.S. Department of Health and Human Services				-	934,966
U.S. Department of Homeland Security					
2018 Marine Safety Program	97.012	MDNR	N/A	-	25,000
Emergency Management Performance Grant	97.042	MSP	EMC-2016-EP-00001	-	18,657
Homeland Security Program Grant:					
Operation Stonegarden Grant	97.067	MSP	2010-SS-T0-0009	-	188,605
Homeland Security Grant - 2017	97.067	HC	N/A	-	6,411
Homeland Security Grant - 2018	97.067	HC	N/A	-	434
Homeland Security Grant - 2019	97.067	DC	N/A	-	10,695
Subtotal				-	206,145
Total U.S. Department of Homeland Security				-	249,802
Total Expenditures of Federal Awards				\$ 289,668	\$ 5,711,995

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, 2020. 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 Transportation which provided the greatest amount of indirect federal funding to the County during 2020.

NOTE C - INDIRECT COST:

For purposes of charging indirect costs to federal awards, the County has not elected to use the 10% de minimis 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	\$ 2,558,223
Federal Grants of Component Units	2,864,104
Federal Grants in Trust & Agency	<u>289,668</u>
 Total Federal Revenue Recognized per Schedule of Expenditures of Federal Awards	 \$ <u>5,711,995</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
20.509	Capital Grants Section 5311
21.019	Coronavirus Relief Funding
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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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, 2020, 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

July 7, 2021

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		
		2018 estimate	37,349

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

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

Use	2019		2020	
	Amount	Percent of Total	Amount	Percent of Total
Agricultural	\$ 34,597,601	3.00%	\$ 34,091,989	2.89%
Commercial (R&P)	162,787,012	14.13%	166,729,157	14.14%
Industrial (R&P)	25,758,982	2.24%	26,033,184	2.21%
Residential	880,519,570	76.43%	900,739,684	76.40%
Utility	48,394,500	4.20%	51,448,600	4.36%
Total	<u>\$ 1,152,057,665</u>	<u>100.00%</u>	<u>\$ 1,179,042,614</u>	<u>100.00%</u>

NOTE 2 – TABLES: (Continued)

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

Class	2019		2020	
	Amount	Percent of Total	Amount	Percent of Total
Real Property	\$ 1,076,737,190	93.46%	\$ 1,101,244,814	93.40%
Personal Property	75,320,475	6.54%	77,797,800	6.60%
Total	<u>\$ 1,152,057,665</u>	<u>100.00%</u>	<u>\$ 1,179,042,140</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
2009	2010	2011	1,054,021,915	2,302,600	1,056,324,515	3.15%
2010	2011	2012	1,062,567,992	2,294,400	1,064,862,392	.81%
2011	2012	2013	1,090,343,959	430,500	1,090,774,459	.24%
2012	2013	2014	1,086,611,568	1,249,100	1,087,860,668	(.27)%
2013	2014	2015	1,094,634,260	1,287,800	1,095,922,060	.74%
2014	2015	2016	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%

Per Capita Total taxable value for the fiscal year ending December 31, 2020 \$31,578.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

D. SEV by Use and Class:

Use	Fiscal Year Ended or Ending December 31							
	2017	%	2017	%	2019	%	2020	%
Agriculture	\$ 54,038,200	4%	\$ 50,829,900	4%	\$ 49,023,800	4%	\$ 47,680,200	3%
Commercial	172,900,619	13%	181,939,800	14%	192,783,375	14%	211,985,000	15%
Industrial	31,340,000	3%	31,482,400	2%	30,230,600	2%	29,660,400	2%
Residential	1,030,810,300	77%	1,034,520,200	77%	1,046,296,300	77%	1,083,043,940	76%
Utility	46,472,100	3%	48,465,800	4%	48,394,500	3%	51,448,600	3%
Total	<u>\$ 1,335,561,219</u>	<u>100%</u>	<u>\$ 1,347,238,100</u>	<u>100%</u>	<u>\$ 1,366,728,575</u>	<u>100%</u>	<u>\$ 1,423,818,140</u>	<u>100%</u>
Class								
Real Property	\$ 1,266,376,619	95%	\$ 1,271,729,500	94%	\$ 1,291,408,100	94%	\$ 1,346,020,340	95%
Personal Property	69,561,219	5%	75,508,600	6%	75,320,475	6%	77,797,800	5%
Total	<u>\$ 1,335,937,838</u>	<u>100%</u>	<u>\$ 1,347,238,100</u>	<u>100%</u>	<u>\$ 1,366,728,575</u>	<u>100%</u>	<u>\$ 1,423,818,140</u>	<u>100%</u>

Source: County of Chippewa

E. Maximum Tax Rates:

Millage Classification	Millage Authorized	Millage Reduction Fraction (1)	Maximum Allowable Millage
Allocated (1)	6.1500	1.0000	6.1500
Fire/Ambulance (2)	0.4275	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, 2020.

(4) Voted. Expires with December 31, 2025 levy.

Source: County of Chippewa

NOTE 2 - TABLES: (Continued)

F. Revenues from the State of Michigan

Fiscal Year Ended/Ending	Revenue Sharing Payments
December 31, 2016	\$719,883
December 31, 2017	\$724,783
December 31, 2018	\$733,169
December 31, 2019	\$735,454
December 31, 2020	\$574,850

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
2014	2015	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.0000	9.2726
2015	2016	6.1500	0.4275	0.9879	0.5000	0.7078	0.4994	0.1000	9.3726
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

(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, 2020:

Property Classification	Highest Tax Rate		Lowest Tax Rate	
	Municipality	Tax Rate	Municipality	Tax Rate
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
2013	2014	9,658,175	8,897,874	92.13%
2014	2015	9,613,427	8,863,578	92.19%
2015	2016	9,732,114	9,025,722	92.74%
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%

(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 Largest Taxpayers:

Taxpayer	Principal Product or Service	December 31, 2020	
		Taxable Value (1)	Percent of of Total (2)
Cloverland Electric Co.	Utility	\$ 37,258,259	3.16%
American Transmission	Utility	20,877,531	1.77%
State of Michigan	Properties	18,256,809	1.55%
Continental Teves Inc.	Auto Testing Service	4,399,700	0.37%
DTE Gas Company	Utility	4,200,362	0.36%
Harwood Properties Inc	Apartments	2,816,738	0.24%
Sault Ste Marie Tribe	Tribal Government	1,606,548	0.14%
Chippewa County EDC	Government	1,405,699	0.03%
Pointe West I LP	Apartment Complex	3,825,235	0.32%
Drummond Dolomite Inc	Mining	2,309,402	0.20%
Blarney Castle Oil Co.	Gas Station	2,003,836	0.17%
Smithers Scientific Services Inc.	Service Provider	2,062,015	0.17%
Cascade X Inc.	Shopping Complex	3,616,438	0.31%
DIR Owner LLC	Apartments	2,068,020	0.18%
Good Will Co Inc.	Shopping Complex	3,550,000	0.30%

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

(2) Based on \$1,179,405,746 which is the County's Total Taxable Value for the fiscal year ending December 31, 2020. 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)	\$ 142,381,814
Debt Outstanding (2)	<u>(5,401,958)</u>
Legal Debt Margin	<u>\$ 136,979,856</u>

- (1) 10% of \$1,423,818,140 which is the County's Total SEV for its fiscal year ending December 31, 2020. 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, 2020:

<u>County Direct Debt</u>	<u>Gross</u>	<u>Self-Supporting</u>	<u>Net</u>
Building Authority Bonds:			
Dated July 12, 2011 (LT)	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>
Water and Sewer Bonds:			
Dated December 13, 2013	4,615,000	4,615,000	-
Dated June 26, 2000	<u>286,958</u>	<u>286,958</u>	<u>-</u>
Subtotal	<u>4,901,958</u>	<u>4,901,958</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>\$ 5,401,958</u>	<u>\$ 4,901,958</u>	<u>\$ 500,000</u>
Per Capita Net County Direct Debt			\$ 13.39
Percent of Net Direct Debt to Total SEV			.035%

NOTE 2 - TABLES: (Continued)

L. Debt Schedule: (Continued)

<u>Underlying Debt of County (5)</u>	<u>Total</u>
City	\$ 13,490,000
Townships	1,047,104
School Districts	16,871,318
ISD	-
Total Underlying Debt	<u>\$ 31,408,422</u>
Per Capita Underlying Debt (3)	\$ 840.94
Percent of Underlying Debt to Total SEV (4)	2.21%
Total Direct and Underlying Debt	<u>\$ 36,810,380</u>
Per Capita Net Direct and Underlying Debt (3)	\$ 985.58
Percent of Net Direct and Underlying Debt to Total SEV (4)	2.59%

- (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 2018 estimate of 37,349.
- (4) Based on \$1,423,818,140 which is the County's Total SEV for its fiscal year ending December 31, 2020. 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, 2020, the accumulated unpaid compensated absences amount to \$502,609.

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.

<u>December 31 Valuation Date</u>	<u>Net Position Available for Benefits</u>	<u>Actuarial Accrued Liability</u>	<u>Assets as a Percent of Actuarial Accrued Liability</u>
2009	\$ 26,418,432	\$ 32,521,364	81%
2010	27,576,324	34,793,371	79%
2011	28,641,084	36,543,151	78%
2012	29,452,202	38,144,006	77%
2013	30,490,775	39,646,045	77%
2014	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	69%
2018	32,186,798	47,466,307	68%
2019	32,768,660	50,559,247	65%

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 148 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	30	December 31, 2022
Michigan Fraternal Order of Police Labor Council	20	December 31, 2021
Non-Union Employees	86	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>158</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
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 2015 through 2020:

<u>County of Chippewa</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Employed	15,632	15,272	16,543	15,231	15,022	14,684
Unemployed	<u>1,257</u>	<u>1,219</u>	<u>1,283</u>	<u>1,081</u>	<u>1,009</u>	<u>1,437</u>
Labor Force	<u>16,880</u>	<u>16,491</u>	<u>17,826</u>	<u>16,312</u>	<u>16,031</u>	<u>16,121</u>
Unemployed as % Of Labor Force (1)	7.4%	7.4%	7.8%	6.6%	6.3%	8.9%

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

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



ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

KENNETH A. TALSMAN, 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, 2020, and have issued our report thereon dated July 7, 2021. 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 and the Uniform Guidance

As stated in our engagement letter dated February 16, 2021 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 February 16, 2021.

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 July 7, 2021.

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

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.

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

July 7, 2021