



**COUNTY OF CHEBOYGAN, MICHIGAN  
ANNUAL FINANCIAL REPORT  
YEAR ENDED DECEMBER 31, 2019**

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	5
<b>BASIC FINANCIAL STATEMENTS</b>	
<hr/>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	16
Statement of Activities	17
<b>Fund Financial Statements</b>	
<b>Governmental Funds</b>	
Balance Sheet	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balance	20
Reconciliation of Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	21
<b>Proprietary Funds</b>	
Statement of Net Position	22
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24
<b>Fiduciary Funds</b>	
Statement of Fiduciary Assets and Liabilities	25
<b>Component Units</b>	
Combining Statement of Net Position	26
Combining Statement of Activities	27
<b>Notes to the Financial Statements</b>	29
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<hr/>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	
General Fund	55
Friend of the Court	57
Inverness Township Sewer Debt	58
Township Road Loan Program	59
Schedule of Changes in Net Pension Liability and Related Ratios	60
Schedule of Contributions	61
<b>OTHER INFORMATION</b>	
<hr/>	
<b>General Funds</b>	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	64
<b>Nonmajor Governmental Funds</b>	
Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	71
<b>Nonmajor Enterprise Funds</b>	
Combining Statement of Net Position	77
Combining Statement of Revenues, Expenses, and Changes in Net Position	78
Combining Statement of Cash Flows	79
<b>Fiduciary Funds</b>	
Combining Statement of Fiduciary Assets and Liabilities	80

## INDEPENDENT AUDITOR'S REPORT

Members of the Board of Commissioners  
Cheboygan County  
Cheboygan, Michigan

### **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 Cheboygan, Michigan (the "County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### ***Independent Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cheboygan County Road Commission or the Cheboygan Airport Authority, which represent 100% of the assets and deferred outflows, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cheboygan County Road Commission and the Cheboygan Airport Authority, is based solely on the reports of the other auditors. 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. The financial statements of the Cheboygan Airport Authority were not audited in accordance with *Government Auditing Standards*.

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, based on our audit and the report of other auditors, 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 as of December 31, 2019, 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, budgetary comparison information, and the required pension schedules, as listed in the table of contents, 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's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 21, 2020, on our consideration of the County’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 the 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’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gabridge & Company". The signature is written in black ink and is positioned above the typed name of the firm.

Gabridge & Company, PLC  
Grand Rapids, MI  
July 21, 2020

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**County of Cheboygan  
Management's Discussion and Analysis  
December 31, 2019**

As management of the County of Cheboygan (the "County" or "government"), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2019. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

**Financial Highlights**

- The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at December 31, 2019 by \$26,027,410. Of this amount, \$13,900,388 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased \$331,228 during the year compared to an increase of \$434,261 in the prior year. Revenues for the County increased during the year by \$873,771 and expenses for the County increased by \$999,906 from the prior year.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$11,842,647, an increase of \$1,029,239 in comparison with the prior year. Approximately 73.4%, or \$8,688,023, of this amount is available for spending at the government's discretion (*unassigned fund balance*).
- At December 31, 2019, unassigned fund balance for the general fund was \$8,688,023, or 70.1% of the general fund's annualized expenditures and transfers out.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County financial statements. The County basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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, deferred outflows, liabilities, and deferred inflows, with the residual 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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation of capital assets and changes in deferred pension charges).

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 services (administration, clerk, and treasurer); judicial activities (courts); public safety (sheriff); health and welfare (health and mental health), and a variety of other services. The business-type activities of the County include marina operations, delinquent tax collections, Straits Regional Ride, tax foreclosures, and jail commissary activities.

The County includes two legally separate entities in its financial statements, the Cheboygan County Road Commission and the Cheboygan Airport Authority. Although legally separate, these "component units" are important because the County is financially accountable for them. The Cheboygan County Road Commission and the Cheboygan Airport Authority issued separate audited financial statements and those statements can be obtained at their respective administrative offices.

**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 finance-related legal requirements. All of the funds of the County can be divided into three 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of

revenues, expenditures, and changes in fund balance for the general, friend of the court, inverness township sewer debt, and township road load program funds, each of which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining schedules elsewhere in this report.

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 the general fund and each major special revenue fund.

**Proprietary funds.** The County maintains one type of proprietary fund, known as an enterprise fund. 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 marina operations, delinquent tax collections, Straits Regional Ride, tax foreclosures, and jail commissary activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Straits Regional Ride and delinquent tax funds, which are considered to be major funds of the County. Individual fund data for the nonmajor enterprise funds is provided in the form of combining schedules elsewhere in 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.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other information.** In addition to the basic financial statement and accompanying notes, this report also presents certain information concerning the County's budgetary compliance and the County's progress in funding its obligation to provide pension benefits to its employees. This required supplemental information can be found immediately following the notes to the financial statements.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the required supplemental information.

### **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 the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$26,027,410 at the close of the most recent fiscal year.

County of Cheboygan's Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
<i>Current Assets</i>						
Cash and Investments	\$ 11,004,028	\$ 11,017,822	\$ 6,623,411	\$ 6,304,863	\$ 17,627,439	\$ 17,322,685
Receivables	3,174,797	2,907,675	1,437,506	1,502,151	4,612,303	4,409,826
Current Portion of Notes Receivable	32,301	38,226	-	-	32,301	38,226
Current Portion of Leases Receivable	95,000	95,000	-	-	95,000	95,000
Due from Other Governments	758,476	216,719	181,163	96,858	939,639	313,577
Prepaid Items	-	-	-	563	-	563
Inventories	-	-	16,576	28,828	16,576	28,828
Land Held for Resale	-	-	-	50,460	-	50,460
<b>Total Current Assets</b>	<b>15,064,602</b>	<b>14,275,442</b>	<b>8,258,656</b>	<b>7,983,723</b>	<b>23,323,258</b>	<b>22,259,165</b>
<i>Noncurrent Assets</i>						
Capital Assets not Being Depreciated	2,166,431	5,007,289	-	-	2,166,431	5,007,289
Capital Assets being Depreciated	8,283,543	5,263,034	1,659,641	1,584,552	9,943,184	6,847,586
Notes Receivable	1,048,085	1,116,816	-	-	1,048,085	1,116,816
Leases Receivable	2,145,000	2,240,000	-	-	2,145,000	2,240,000
<b>Total Assets</b>	<b>28,707,661</b>	<b>27,902,581</b>	<b>9,918,297</b>	<b>9,568,275</b>	<b>38,625,958</b>	<b>37,470,856</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension	2,874,552	1,785,907	256,366	123,104	3,130,918	1,909,011
<b>Total Deferred Outflows of Resources</b>	<b>2,874,552</b>	<b>1,785,907</b>	<b>256,366</b>	<b>123,104</b>	<b>3,130,918</b>	<b>1,909,011</b>
<b>LIABILITIES</b>						
<i>Current Liabilities</i>						
Accounts Payable	225,510	447,538	26,411	14,049	251,921	461,587
Accrued Liabilities	245,976	205,175	29,410	17,842	275,386	223,017
Due to Other Governments	32,363	32,363	37,385	15,849	69,748	48,212
Unearned Revenue	81,984	27,801	-	-	81,984	27,801
Current Portion of Long-term Debt	-	2,920	-	-	-	2,920
<b>Total Current Liabilities</b>	<b>585,833</b>	<b>715,797</b>	<b>93,206</b>	<b>47,740</b>	<b>679,039</b>	<b>763,537</b>
<i>Noncurrent Liabilities</i>						
Compensated Absences	355,773	347,837	19,881	14,583	375,654	362,420
Net Pension Liability	9,258,540	7,138,969	769,277	542,113	10,027,817	7,681,082
<b>Total Liabilities</b>	<b>10,200,146</b>	<b>8,202,603</b>	<b>882,364</b>	<b>604,436</b>	<b>11,082,510</b>	<b>8,807,039</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Revenues Intended to Finance a Subsequent Year	4,366,326	4,394,182	-	-	4,366,326	4,394,182
Pension	253,465	472,993	27,165	34,105	280,630	507,098
<b>Total Deferred Inflows of Resources</b>	<b>4,619,791</b>	<b>4,867,175</b>	<b>27,165</b>	<b>34,105</b>	<b>4,646,956</b>	<b>4,901,280</b>
<b>NET POSITION</b>						
Net Investment in Capital Assets	10,449,974	10,267,403	1,659,641	1,584,552	12,109,615	11,851,955
Restricted	17,407	12,042	-	-	17,407	12,042
Unrestricted	6,294,895	6,339,265	7,605,493	7,468,286	13,900,388	13,807,551
<b>Total Net Position</b>	<b>\$ 16,762,276</b>	<b>\$ 16,618,710</b>	<b>\$ 9,265,134</b>	<b>\$ 9,052,838</b>	<b>\$ 26,027,410</b>	<b>\$ 25,671,548</b>

A large portion of the County's net position (46.5%, or \$12,109,615) represents its investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, docks, and vehicles) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (less than 1%, or \$17,407) represents resources that are subject to external restrictions on how they may be used. Restricted net position refers to amounts that have constraints placed on them by either: a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or b) imposed by law through constitutional provisions or enabling legislation.

The remaining portion of the County's net position (53.4%, or \$13,900,388) is comprised of unrestricted net position. These amounts may be used to meet the government's ongoing obligations to citizens and creditors.

Cash and investments within governmental activities decreased by \$13,794 as a result of significant increase in receivables and due from other governments. Cash and investments within business-type activities increased by \$318,548, the increase in cash being comprised of the increase in net position of \$187,662 and decrease in receivables. Due from other governments within governmental activities increased by \$541,757 as a result of timing differences in collection of swamp taxes as well as an additional loan through the township road loan program. Receivables increased overall by \$267,122, largely in part due to an increase in taxes receivable and timing of payments from grants and other receivables. Capital assets not being depreciated decreased significantly, by \$2,840,858, as a result of the prior year jail expansion project being placed in service and classified as a depreciable capital asset in the current year. Accounts payable decreased by \$222,028 due to decreased construction-related payables during the year. Net pension liability and the related deferred outflows of resources increased largely as a result of a net investment loss of \$851,057 in the County's pension investments.

The County's total net position increased \$331,228 during the year, as summarized below:

**County of Cheboygan's Changes in Net Position**

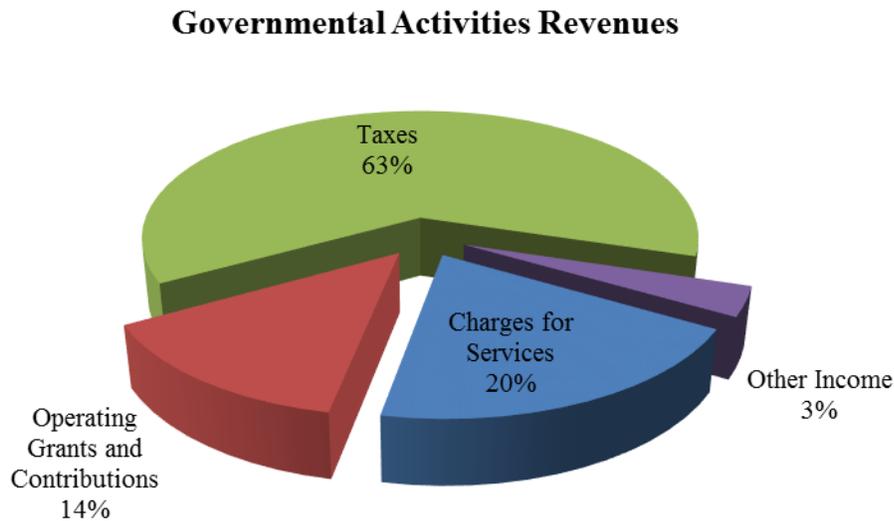
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenue</b>						
<b>Program Revenues</b>						
Charges for Services	\$ 3,317,188	\$ 3,346,138	\$ 1,816,987	\$ 1,571,065	\$ 5,134,175	\$ 4,917,203
Operating Grants and Contributions	2,294,485	2,468,330	747,805	744,972	3,042,290	3,213,302
Capital Grants and Contributions	-	-	164,875	298,300	164,875	298,300
<b>Total Program Revenues</b>	<b>5,611,673</b>	<b>5,814,468</b>	<b>2,729,667</b>	<b>2,614,337</b>	<b>8,341,340</b>	<b>8,428,805</b>
<b>General Revenues</b>						
Taxes	10,582,247	9,607,701	-	-	10,582,247	9,607,701
State Revenue Sharing	465,282	462,591	-	-	465,282	462,591
Interest Income	131,474	137,505	32,691	42,661	164,165	180,166
<b>Total General Revenues</b>	<b>11,179,003</b>	<b>10,207,797</b>	<b>32,691</b>	<b>42,661</b>	<b>11,211,694</b>	<b>10,250,458</b>
<b>Total Revenues</b>	<b>16,790,676</b>	<b>16,022,265</b>	<b>2,762,358</b>	<b>2,656,998</b>	<b>19,553,034</b>	<b>18,679,263</b>
<b>Expenses</b>						
Legislative	139,400	138,971	-	-	139,400	138,971
Judicial	2,920,183	2,439,830	-	-	2,920,183	2,439,830
General Government	4,449,926	4,536,639	-	-	4,449,926	4,536,639
Public Safety	5,773,660	5,396,976	-	-	5,773,660	5,396,976
Health and Welfare	2,626,190	2,656,612	-	-	2,626,190	2,656,612
Recreation and Culture	300,399	336,201	-	-	300,399	336,201
Public Works	32,765	31,999	-	-	32,765	31,999
Community and Economic Development	327,515	244,483	-	-	327,515	244,483
Other Expenses	228,755	179,694	-	-	228,755	179,694
Interest on Long-term Debt	206,020	207,388	-	-	206,020	207,388
Marina	-	-	550,823	512,626	550,823	512,626
Tax Foreclosure	-	-	95,179	349,325	95,179	349,325
Straits Regional Ride	-	-	1,461,156	1,060,211	1,461,156	1,060,211
Jail Commissary	-	-	132,937	154,047	132,937	154,047
<b>Total Expenses</b>	<b>17,004,813</b>	<b>16,168,793</b>	<b>2,240,095</b>	<b>2,076,209</b>	<b>19,244,908</b>	<b>18,245,002</b>
<b>Changes in Net Position Before Transfers</b>	<b>(214,137)</b>	<b>(146,528)</b>	<b>522,263</b>	<b>580,789</b>	<b>308,126</b>	<b>434,261</b>
Transfers, net*	357,703	2,978,520	(334,601)	(2,978,520)	23,102	-
<b>Change in Net Position</b>	<b>143,566</b>	<b>2,831,992</b>	<b>187,662</b>	<b>(2,397,731)</b>	<b>331,228</b>	<b>434,261</b>
<i>Net Position at the Beginning of Period*</i>	<i>16,618,710</i>	<i>13,786,718</i>	<i>9,077,472</i>	<i>11,450,569</i>	<i>25,696,182</i>	<i>25,237,287</i>
<b>Net Position at the End of Period</b>	<b>\$ 16,762,276</b>	<b>\$ 16,618,710</b>	<b>\$ 9,265,134</b>	<b>\$ 9,052,838</b>	<b>\$ 26,027,410</b>	<b>\$ 25,671,548</b>

\* Straits Regional Ride changed its fiscal year-end from December 31 to September 30. The change caused some reporting differences as well as a restatement in net position as indicated in Note 5 and Note 14, respectively, of the notes to the financial statements.

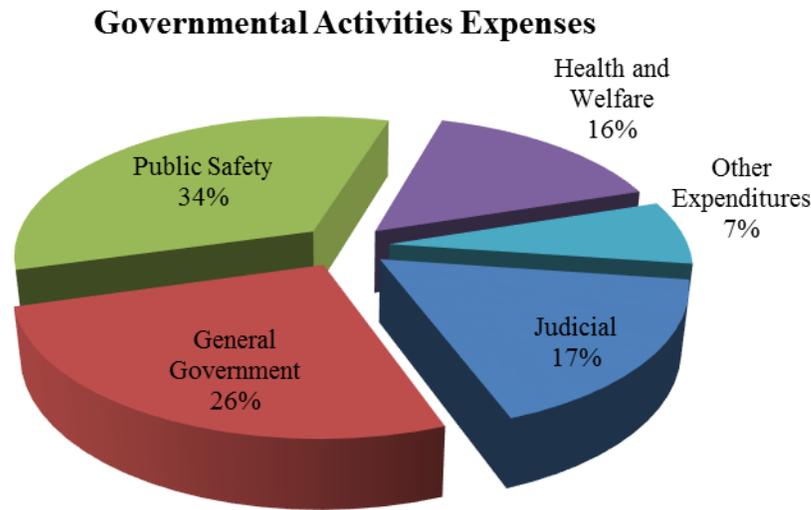
### Governmental Activities

Governmental activities increased the County's net position by \$143,566 in the current year, compared to an increase of \$2,831,992 in the prior year. The significant reason for such a large change in increase is due to net transfers in of \$2,978,520 from business-type activities in the prior year compared to net transfers in of \$357,703 in the current year. In addition, judicial expenses increased by \$480,353, largely in part due to increased activity within the indigent defense fund. Public safety expenses increased by \$376,684 with significant increased activity in the sheriff's department and corrections.

The following chart summarizes the revenue sources for the governmental activities of the County for the most recent fiscal year-end:



The following chart summarizes the expenses for the governmental activities of the County for the most recent fiscal year-end:



### **Business-type Activities**

The business-type activities of the County increased the County's net position by \$187,662 in the current year compared to a decrease of \$2,397,731 in the prior year. The significant reason for such a large change is due to net transfers out of \$2,978,520 to governmental activities in the prior year for the jail expansion project compared to net transfers out of \$334,601 in the current year. In addition, decreased contractual services expenses within the tax foreclosure fund and an increase in personnel services expenses within the Straits Regional Ride contributed to the change in net position. The increase in personnel services within Straits Regional Ride is attributable to a transportation agreement with Emmet County adding three additional bus routes to Straits Regional Ride's service area. The expanded services also led to an overall increase in operating revenues within the Straits Regional Ride's fund of \$337,930 during 2019.

### **Financial Analysis of the Government's Funds**

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** The focus of the County *governmental fund statements* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Unassigned fund balance of the general fund represented 70.1% of total general fund expenditures and transfers out.

### ***General Fund Highlights***

The County collapses certain funds into the General Fund for external financial reporting purposes. A combining schedule is provided towards the end of this report as other supplementary information to show the various components.

The general fund's fund balance increased by \$247,225 from \$9,244,579 in the prior year to \$9,491,804 in the current year. Total revenues for the general fund increased by \$357,885 compared to the previous year. Total expenditures decreased by \$2,237,778 compared to the previous year. The details of the significant changes in the general fund were explained in an earlier section of this report.

### ***Friend of the Court Highlights***

The friend of the court fund balance remained the same at \$0. Total revenues increased by \$35,957, total expenditures increased by \$41,522, and transfers in from other funds increased by \$5,565 compared to the previous year.

### ***Inverness Township Sewer Debt Fund Highlights***

The inverness township sewer debt fund's fund balance increased by \$5 from \$5,365 in the prior year to \$5,370 in the current year. There were no significant changes to revenues or expenditures.

### ***Township Road Loan Program Highlights***

The township road loan program fund balance increased by \$5,360 from \$6,677 in the prior year to \$12,037 in the current year. There were no significant changes to revenues or expenditures.

***Proprietary Funds.*** The county's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the Straits Regional Ride and delinquent tax funds as of year-end was (\$355,925) and \$6,935,618, respectively. The change in net position, respectively, for the proprietary funds was \$(42,652) and \$44,894. The details of the significant changes in the proprietary funds were explained in an earlier section of this report.

### **General Fund Budgetary Highlights**

***Original budget compared to final budget.*** During the year there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, there was a need to make amendments to reallocate appropriations among departments when it became clearer which departments would actually be charged for certain expenditures. Generally, the movement of the appropriations between departments was *not* significant.

***Final budget compared to actual results.*** All of the County's actual expenditures, within each department, came in under the amounts appropriated in the final budget.

## Capital Asset and Debt Administration

### *Capital assets*

As of December 31, 2019, the County's investment in capital assets for its governmental and business-type activities amounted to \$12,109,615 (net of accumulated depreciation). The investment in capital assets includes land and land improvements, buildings and improvements, machinery and equipment, and vehicles. The total net increase in the County's net capital assets during the year was \$254,740, or 2.1%.

Significant capital asset activity during the year included:

- Jail kitchen and dorm and storage building project
- Humane society (animal control) remodel project – phase III
- Three 2020 Ford interceptors for the sheriff's department
- Phone system upgrade

Capital assets, net of depreciation, are summarized as follows as of year-end:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Land	\$ 1,892,102	\$ -	\$ 1,892,102
Construction in progress	274,329	-	274,329
Land improvement	321,935	813,332	1,135,267
Building and improvements	7,084,515	86,443	7,170,958
Machinery and equipment	525,952	7,284	533,236
Vehicles/transportation equipment	351,141	473,598	824,739
Docks	-	278,984	278,984
<b><i>Capital Assets, net</i></b>	<b><u>\$ 10,449,974</u></b>	<b><u>\$ 1,659,641</u></b>	<b><u>\$ 12,109,615</u></b>

Additional information on the County's capital assets can be found in note 6 to the financial statements.

### ***Long-term Debt***

The County entered into an agreement with Inverness Township for the Inverness Township Sewer Project. The Township pledged its full faith and credit for the repayment of the loan; therefore, this debt is not included in the County's financial statements.

The County had no long-term debt outstanding as of year-end as of December 31, 2019.

## **Economic Factors and Next Year's Budgets and Rates**

Management budgeted \$14,178,219 of expenditures in the general fund in 2020 budget using a combination of revenues, transfers in, and a use of \$1,079,877 of fund equity to balance the budget.

The following factors were considered in preparing the County's budget for 2020:

- The County will continue to rely on state revenue sharing to support general fund expenditures.
- The courts, elected officials, and department directors will continue to be fiscally prudent, managing their expenditures within or below budget allowing surplus general funds to be transferred to capital replacement funds.
- Property tax revenue is expected to increase slightly over the previous year.
- Pension costs will continue to rise in the near term as a result of actuarial assumption changes implemented by the Municipal Employees Retirement System Board.

Management is also revising the budget in response to the COVID-19 pandemic, however, the significance of the impact on the County's revenues and expenditures is unknown as of the date of this report.

In order to maintain long-term financial stability, the County will continue to adopt realistic and balanced budgets for all funds that and manage them such that actual expenditures do not exceed actual resources in any given year.

## **Requests for Information**

This financial report is designed to provide a general overview of the County 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:

Cheboygan County Administrative Office  
870 S. Main Street  
PO Box 70  
Cheboygan, MI 49721

## **BASIC FINANCIAL STATEMENTS**

**County of Cheboygan  
Statement of Net Position  
December 31, 2019**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Investments	\$ 11,004,028	\$ 6,623,411	\$ 17,627,439	\$ 2,294,679
Receivables	809,308	3,134	812,442	95,421
Taxes Receivable	2,365,489	1,434,372	3,799,861	1,282,000
Current Portion of Notes Receivable	32,301	--	32,301	--
Current Portion of Leases Receivable	95,000	--	95,000	--
Due from Other Governments	758,476	181,163	939,639	2,029,110
Prepaid Items	--	--	--	167,972
Inventories	--	16,576	16,576	994,059
<b>Total Current Assets</b>	<b>15,064,602</b>	<b>8,258,656</b>	<b>23,323,258</b>	<b>6,863,241</b>
<i>Noncurrent Assets</i>				
Capital Assets not Being Depreciated	2,166,431	--	2,166,431	7,419,453
Capital Assets Being Depreciated	8,283,543	1,659,641	9,943,184	30,042,141
Notes Receivable	1,048,085	--	1,048,085	--
Leases Receivable	2,145,000	--	2,145,000	--
Restricted Deposits	--	--	--	24,282
<b>Total Assets</b>	<b>28,707,661</b>	<b>9,918,297</b>	<b>38,625,958</b>	<b>44,349,117</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charges on Bond Refunding	--	--	--	30,300
Pension	2,874,552	256,366	3,130,918	146,605
<b>Total Deferred Outflows of Resources</b>	<b>2,874,552</b>	<b>256,366</b>	<b>3,130,918</b>	<b>176,905</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	225,510	26,411	251,921	52,977
Accrued Liabilities	245,976	29,410	275,386	141,923
Accrued Interest Payable	--	--	--	20,008
Due to Other Governments	32,363	37,385	69,748	--
Advances and Deposits	--	--	--	135,126
Unearned Revenue	81,984	--	81,984	--
Current Portion of Long-term Debt	--	--	--	264,036
<b>Total Current Liabilities</b>	<b>585,833</b>	<b>93,206</b>	<b>679,039</b>	<b>614,070</b>
<i>Noncurrent Liabilities</i>				
Long-term Debt	--	--	--	1,540,997
Compensated Absences	355,773	19,881	375,654	271,879
Net OPEB Liability	--	--	--	10,076,102
Net Pension Liability	9,258,540	769,277	10,027,817	11,243,912
<b>Total Liabilities</b>	<b>10,200,146</b>	<b>882,364</b>	<b>11,082,510</b>	<b>23,746,960</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Revenue Intended to Finance Subsequent Year	4,366,326	--	4,366,326	1,282,000
OPEB	--	--	--	66,772
Pension	253,465	27,165	280,630	1,330,337
<b>Total Deferred Inflows of Resources</b>	<b>4,619,791</b>	<b>27,165</b>	<b>4,646,956</b>	<b>2,679,109</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	10,449,974	1,659,641	12,109,615	35,686,861
<i>Restricted for:</i>				
Debt Service	5,370	--	5,370	--
Other Purposes	12,037	--	12,037	--
<i>Unrestricted</i>	6,294,895	7,605,493	13,900,388	(17,586,908)
<b>Total Net Position</b>	<b>\$ 16,762,276</b>	<b>\$ 9,265,134</b>	<b>\$ 26,027,410</b>	<b>\$ 18,099,953</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan  
Statement of Activities  
For the Year Ended December 31, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
<b>Primary Government</b>								
<b>Governmental Activities:</b>								
Legislative	\$ 139,400	\$ --	\$ --	\$ --	\$ (139,400)	\$ --	\$ (139,400)	\$ --
Judicial	2,920,183	656,849	1,037,741	--	(1,225,593)	--	(1,225,593)	--
General Government	4,449,926	1,535,235	259,893	--	(2,654,798)	--	(2,654,798)	--
Public Safety	5,773,660	949,585	342,915	--	(4,481,160)	--	(4,481,160)	--
Health and Welfare	2,626,190	(3,428)	603,020	--	(2,026,598)	--	(2,026,598)	--
Recreation and Culture	300,399	154,683	3,902	--	(141,814)	--	(141,814)	--
Public Works	32,765	--	--	--	(228,755)	--	(228,755)	--
Community and Economic Development	327,515	24,264	--	--	(206,020)	--	(206,020)	--
Other Expenses	228,755	--	--	--	(32,765)	--	(32,765)	--
Interest on Long-term Debt	206,020	--	47,014	--	(256,237)	--	(256,237)	--
<b>Total Governmental Activities</b>	<b>17,004,813</b>	<b>3,317,188</b>	<b>2,294,485</b>	<b>--</b>	<b>(11,393,140)</b>	<b>--</b>	<b>(11,393,140)</b>	<b>--</b>
<b>Business-type Activities:</b>								
Marina	550,823	460,999	31,945	--	--	(57,879)	(57,879)	--
Tax Foreclosure	95,179	294,639	--	--	--	199,460	199,460	--
Straits Regional Ride	1,461,156	512,118	715,860	164,875	--	(68,303)	(68,303)	--
Jail Commissary	132,937	144,210	--	--	--	11,273	11,273	--
Delinquent Tax	--	405,021	--	--	--	405,021	405,021	--
<b>Total Business-type Activities</b>	<b>2,240,095</b>	<b>1,816,987</b>	<b>747,805</b>	<b>164,875</b>	<b>--</b>	<b>489,572</b>	<b>489,572</b>	<b>--</b>
<b>Total Primary Government</b>	<b>\$ 19,244,908</b>	<b>\$ 5,134,175</b>	<b>\$ 3,042,290</b>	<b>\$ 164,875</b>	<b>\$ (11,393,140)</b>	<b>\$ 489,572</b>	<b>\$ (10,903,568)</b>	<b>--</b>
<b>Component Units</b>								
Road Commission	\$ 10,105,503	\$ 2,505,106	\$ 9,001,634	\$ --	--	--	--	1,401,237
Cheboygan Airport Authority	335,520	131,664	505,539	--	--	--	--	301,683
<b>Total Component Units</b>	<b>\$ 10,441,023</b>	<b>\$ 2,636,770</b>	<b>\$ 9,507,173</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,702,920</b>
<b>General Purpose Revenues and Transfers:</b>								
<b>Revenues</b>								
					10,582,247	--	10,582,247	1,247,474
Taxes					465,282	--	465,282	--
State Revenue Sharing					--	--	--	62,038
Other Revenue					131,474	32,691	164,165	3,655
Interest Income					357,703	(334,601)	23,102	--
<b>Transfers (Note 5)</b>					<b>11,536,706</b>	<b>(301,910)</b>	<b>11,234,796</b>	<b>1,313,167</b>
<b>Total General Revenues and Transfers</b>					<b>143,566</b>	<b>187,662</b>	<b>331,228</b>	<b>3,016,087</b>
<b>Change in Net Position</b>					<b>16,618,710</b>	<b>9,077,472</b>	<b>25,696,182</b>	<b>15,083,866</b>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>					<b>\$ 16,618,710</b>	<b>\$ 9,077,472</b>	<b>\$ 25,696,182</b>	<b>\$ 15,083,866</b>
<b>Net Position at End of Period</b>					<b>\$ 16,762,276</b>	<b>\$ 9,265,134</b>	<b>\$ 26,027,410</b>	<b>\$ 18,099,953</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan  
Balance Sheet  
Governmental Funds  
December 31, 2019**

	<b>Special Revenue</b>					<b>Total Governmental Funds</b>
	<b>General</b>	<b>Friend of the Court</b>	<b>Inverness Township Sewer Debt</b>	<b>Township Road Loan Program</b>	<b>Other Governmental Funds</b>	
<b>ASSETS</b>						
Cash and Investments	\$ 8,653,832	\$ --	\$ 5,370	\$ --	\$ 2,344,826	\$ 11,004,028
Receivables	211,723	91,030	--	--	506,555	809,308
Taxes Receivable	546,388	--	--	--	1,819,101	2,365,489
Due from Other Governments	394,157	17,182	--	347,137	--	758,476
Due from Other Funds	450,019	--	--	--	34	450,053
Notes Receivable	--	--	--	--	1,080,386	1,080,386
Leases Receivable	--	--	2,240,000	--	--	2,240,000
<b>Total Assets</b>	<b>\$ 10,256,119</b>	<b>\$ 108,212</b>	<b>\$ 2,245,370</b>	<b>\$ 347,137</b>	<b>\$ 5,750,902</b>	<b>\$ 18,707,740</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 117,327	\$ 13,074	\$ --	\$ --	\$ 95,109	\$ 225,510
Accrued Liabilities	212,613	11,424	--	--	21,939	245,976
Due to Other Governments	--	--	--	--	32,363	32,363
Unearned Revenue	51,846	--	--	--	30,138	81,984
Due to Other Funds	34	83,714	--	335,100	31,205	450,053
<b>Total Liabilities</b>	<b>381,820</b>	<b>108,212</b>	<b>--</b>	<b>335,100</b>	<b>210,754</b>	<b>1,035,886</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Revenue Intended to Finance Subsequent Year	--	--	2,240,000	--	2,126,326	4,366,326
Unavailable Revenue	382,495	--	--	--	1,080,386	1,462,881
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>764,315</b>	<b>108,212</b>	<b>2,240,000</b>	<b>335,100</b>	<b>3,417,466</b>	<b>6,865,093</b>
<b>FUND BALANCE</b>						
Restricted	--	--	5,370	12,037	--	17,407
Committed	368,740	--	--	--	100	368,840
Assigned	435,041	--	--	--	2,333,336	2,768,377
Unassigned	8,688,023	--	--	--	--	8,688,023
<b>Total Fund Balance</b>	<b>9,491,804</b>	<b>--</b>	<b>5,370</b>	<b>12,037</b>	<b>2,333,436</b>	<b>11,842,647</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 10,256,119</b>	<b>\$ 108,212</b>	<b>\$ 2,245,370</b>	<b>\$ 347,137</b>	<b>\$ 5,750,902</b>	<b>\$ 18,707,740</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2019**

Total Fund Balance - Governmental Funds	\$	11,842,647
General government capital assets of \$19,198,099, net of accumulated depreciation of \$8,748,125, are not financial resources and, accordingly, are not reported in the funds.		10,449,974
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(355,773)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those asset (such as property taxes, state grants, and loans receivable not collected in 60 days of year end) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.		1,462,881
Net pension liability, and the pension related deferrals, are not due and payable in the current period and are not reported in the funds.		(6,637,453)
<b>Total Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>16,762,276</u></b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended December 31, 2019**

	<u>Special Revenue</u>					<u>Total Governmental Funds</u>
	<u>General</u>	<u>Friend of the Court</u>	<u>Inverness Township Sewer Debt</u>	<u>Township Road Loan Program</u>	<u>Other Governmental Funds</u>	
<b>Revenues</b>						
Taxes	\$ 8,991,794	\$ --	\$ --	\$ --	\$ 1,764,707	\$ 10,756,501
Licenses and Permits	44,172	--	--	--	16,571	60,743
Federal Sources	115,047	358,576	--	--	140,353	613,976
State Sources	1,215,189	39,144	--	--	712,908	1,967,241
Local Sources	62,502	60,954	202,994	--	80,441	406,891
Charges for Services	1,310,835	19,019	--	--	940,511	2,270,365
Fines and Penalties	33,671	--	--	--	872	34,543
Refunds and Reimbursement	263,189	--	--	--	--	263,189
Other Revenues	21,008	--	--	--	450,280	471,288
Interest and Rentals	84,002	--	5	5,360	105,482	194,849
<b>Total Revenues</b>	<u>12,141,409</u>	<u>477,693</u>	<u>202,999</u>	<u>5,360</u>	<u>4,212,125</u>	<u>17,039,586</u>
<b>Expenditures</b>						
Legislative	130,312	--	--	--	--	130,312
Judicial	1,631,551	558,411	--	--	449,593	2,639,555
General Government	3,946,185	--	--	--	501,814	4,447,999
Public Safety	4,527,002	--	--	--	917,828	5,444,830
Health and Welfare	506,841	--	--	--	2,059,498	2,566,339
Community and Economic Development	317,983	--	--	--	--	317,983
Recreation and Culture	111,750	--	--	--	168,035	279,785
Other Expenditures	228,755	--	--	--	--	228,755
Capital Outlay	--	--	--	--	103,552	103,552
Debt Service - Principal	2,920	--	--	--	--	2,920
Debt Service - Interest	3,026	--	202,994	--	--	206,020
<b>Total Expenditures</b>	<u>11,406,325</u>	<u>558,411</u>	<u>202,994</u>	<u>--</u>	<u>4,200,320</u>	<u>16,368,050</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>735,084</u>	<u>(80,718)</u>	<u>5</u>	<u>5,360</u>	<u>11,805</u>	<u>671,536</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	504,273	80,718	--	--	876,920	1,461,911
Transfer Out	(992,132)	--	--	--	(112,076)	(1,104,208)
<b>Net Other Financing Sources (Uses)</b>	<u>(487,859)</u>	<u>80,718</u>	<u>--</u>	<u>--</u>	<u>764,844</u>	<u>357,703</u>
<b>Net Change in Fund Balance</b>	<u>247,225</u>	<u>--</u>	<u>5</u>	<u>5,360</u>	<u>776,649</u>	<u>1,029,239</u>
<b>Fund Balance at Beginning of Period</b>	9,244,579	--	5,365	6,677	1,556,787	10,813,408
<b>Fund Balance at End of Period</b>	<u>\$ 9,491,804</u>	<u>\$ --</u>	<u>\$ 5,370</u>	<u>\$ 12,037</u>	<u>\$ 2,333,436</u>	<u>\$ 11,842,647</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and**  
**Changes in Fund Balance with Statement of Activities**  
**For the Year Ended December 31, 2019**

Total Net Change in Fund Balances - Governmental Funds	\$	1,029,239
<p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlay expenditures of \$749,771 exceed depreciation expense of \$570,120.</p>		
		179,651
<p>Change to compensated absences are not shown in the fund financial statements. The net effect of the current year increase in compensated absences is to decrease net position.</p>		
		(7,936)
<p>The repayment of principal of long-term capital leases consumes the current financial resources of governmental funds and is recorded as an expenditure; however, the repayment of long-term capital leases payable reduces long-term liabilities on the statement of net position.</p>		
		2,920
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds; they are deferred into the following year.</p>		
		(248,910)
<p>Changes to the net pension liability, and the pension related deferrals, are not shown in the fund financial statements. The net effect of the current year increase is to decrease net position.</p>		
		(811,398)
<b>Changes in Net Position - Governmental Activities</b>	<b>\$</b>	<b><u>143,566</u></b>

**County of Cheboygan**  
**Statement of Net Position**  
**Proprietary Funds**  
**December 31, 2019**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Straits Regional Ride</b>	<b>Delinquent Tax</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Investments	\$ 63,816	\$ 5,501,246	\$ 1,058,349	\$ 6,623,411
Receivables	782	--	2,352	3,134
Taxes Receivable	--	1,434,372	--	1,434,372
Due from Other Governments	149,218	--	31,945	181,163
Inventories	--	--	16,576	16,576
<b>Total Current Assets</b>	<b>213,816</b>	<b>6,935,618</b>	<b>1,109,222</b>	<b>8,258,656</b>
<i>Noncurrent Assets</i>				
Capital Assets Being Depreciated	480,881	--	1,178,760	1,659,641
<b>Total Assets</b>	<b>694,697</b>	<b>6,935,618</b>	<b>2,287,982</b>	<b>9,918,297</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	254,223	--	2,143	256,366
<b>Total Deferred Outflows of Resources</b>	<b>254,223</b>	<b>--</b>	<b>2,143</b>	<b>256,366</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	13,447	--	12,964	26,411
Accrued Liabilities	29,410	--	--	29,410
Due to Other Governments	37,385	--	--	37,385
<b>Total Current Liabilities</b>	<b>80,242</b>	<b>--</b>	<b>12,964</b>	<b>93,206</b>
<i>Noncurrent Liabilities</i>				
Compensated Absences	19,881	--	--	19,881
Net Pension Liability	699,286	--	69,991	769,277
<b>Total Liabilities</b>	<b>799,409</b>	<b>--</b>	<b>82,955</b>	<b>882,364</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	24,555	--	2,610	27,165
<b>Total Deferred Inflows of Resources</b>	<b>24,555</b>	<b>--</b>	<b>2,610</b>	<b>27,165</b>
<b>NET POSITION</b>				
Investment in Capital Assets	480,881	--	1,178,760	1,659,641
<i>Unrestricted</i>	(355,925)	6,935,618	1,025,800	7,605,493
<b>Total Net Position</b>	<b>\$ 124,956</b>	<b>\$ 6,935,618</b>	<b>\$ 2,204,560</b>	<b>\$ 9,265,134</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Straits Regional Ride</b>	<b>Delinquent Tax</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Operating Revenues</b>				
Local Sources	\$ 10,725	\$ --	\$ --	\$ 10,725
Charges for Services	492,089	119,303	899,848	1,511,240
Interest and Penalties on Taxes	--	285,718	--	285,718
<b>Total Operating Revenues</b>	<b>502,814</b>	<b>405,021</b>	<b>899,848</b>	<b>1,807,683</b>
<b>Operating Expenses</b>				
Personnel Services	945,025	--	94,756	1,039,781
Contractual Services	22,802	--	59,784	82,586
Utilities	4,691	--	23,146	27,837
Repair and Maintenance	148,024	--	18,566	166,590
Other Supplies and Expenses	236,948	--	506,512	743,460
Depreciation	103,666	--	76,175	179,841
<b>Total Operating Expenses</b>	<b>1,461,156</b>	<b>--</b>	<b>778,939</b>	<b>2,240,095</b>
<b>Operating Income (Loss)</b>	<b>(958,342)</b>	<b>405,021</b>	<b>120,909</b>	<b>(432,412)</b>
<b>Non-Operating Revenues</b>				
Other Revenue	9,304	--	--	9,304
Federal Capital Assistance	78,560	--	--	78,560
State Capital Assistance	86,315	--	31,945	118,260
Interest and Rentals	--	32,070	621	32,691
Federal Operating Assistance	229,152	--	--	229,152
State Operating Assistance	486,708	--	--	486,708
<b>Net Non-Operating Revenues (Expenses)</b>	<b>890,039</b>	<b>32,070</b>	<b>32,566</b>	<b>954,675</b>
<b>Income Before Transfers</b>	<b>(68,303)</b>	<b>437,091</b>	<b>153,475</b>	<b>522,263</b>
Transfers In (Note 5)	25,651	--	31,945	57,596
Transfer Out	--	(392,197)	--	(392,197)
<b>Change In Net Position</b>	<b>(42,652)</b>	<b>44,894</b>	<b>185,420</b>	<b>187,662</b>
<i>Net Position at Beginning of Period (Restated, Note 14)</i>	167,608	6,890,724	2,019,140	9,077,472
<b>Net Position at End of Period</b>	<b>\$ 124,956</b>	<b>\$ 6,935,618</b>	<b>\$ 2,204,560</b>	<b>\$ 9,265,134</b>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2019**

	<b>Straits Regional Ride</b>	<b>Delinquent Tax</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers or Users	\$ 505,366	\$ 183,458	\$ 916,301	\$ 1,605,125
Cash Received from Interest and Penalties on Taxes	-	285,718	-	285,718
Cash Payments to Suppliers	(399,967)	-	(595,329)	(995,296)
Cash Payments to Employees	(849,553)	-	(86,400)	(935,953)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(744,154)</b>	<b>469,176</b>	<b>234,572</b>	<b>(40,406)</b>
<b>Cash Flows from Non-capital Related Financing Activities</b>				
Change in Reporting Year-end (Note 14)	(16,915)	-	-	(16,915)
Other Revenue	9,304	-	-	9,304
Federal Operating Assistance	229,152	-	-	229,152
State Operating Assistance	497,433	-	-	497,433
Transfers In	25,651	-	31,945	57,596
Transfers Out	-	(392,197)	-	(392,197)
<b>Net Cash Provided (Used) by Non-capital Related Financing Activities</b>	<b>744,625</b>	<b>(392,197)</b>	<b>31,945</b>	<b>384,373</b>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Federal Capital Assistance	78,560	-	-	78,560
State Capital Assistance	86,315	-	31,945	118,260
Purchase of Capital Assets	(191,040)	-	(63,890)	(254,930)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(26,165)</b>	<b>-</b>	<b>(31,945)</b>	<b>(58,110)</b>
<b>Cash Flows from Investing Activities</b>				
Interest Received	-	32,070	621	32,691
<b>Net Cash Provided by Investing Activities</b>	<b>-</b>	<b>32,070</b>	<b>621</b>	<b>32,691</b>
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>(25,694)</b>	<b>109,049</b>	<b>235,193</b>	<b>318,548</b>
<i>Cash and Investments - Beginning of Year</i>	89,510	5,392,197	823,156	6,304,863
<b>Cash and Investments - End of Year</b>	<b>\$ 63,816</b>	<b>\$ 5,501,246</b>	<b>\$ 1,058,349</b>	<b>\$ 6,623,411</b>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided by (Used in) Operating Activities</b>				
Operating Income (Loss)	\$ (958,342)	\$ 405,021	\$ 120,909	\$ (432,412)
<b>Adjustments to Reconcile Operating Income to</b>				
<b>Net Cash Provided by (Used in) Operating Activities</b>				
Depreciation	103,666	-	76,175	179,841
<b>Change in Assets, Liabilities, and Deferred Outflows/Inflows</b>				
Receivables	2,552	64,155	(34,007)	32,700
Prepaid Items	-	-	563	563
Inventories	-	-	62,712	62,712
Accounts Payable	12,498	-	(136)	12,362
Accrued Liabilities	11,568	-	-	11,568
Compensated Absences	5,298	-	-	5,298
Net Pension Liability and Related Deferred Items	78,606	-	8,356	86,962
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (744,154)</b>	<b>\$ 469,176</b>	<b>\$ 234,572</b>	<b>\$ (40,406)</b>

**County of Cheboygan**  
**Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**December 31, 2019**

<b>ASSETS</b>	<u><b>Agency Funds</b></u>
Cash and Investments	\$ 850,036
<i>Total Assets</i>	<u>850,036</u>
<b>LIABILITIES</b>	
Assets Held on Behalf of Others	850,036
<i>Total Liabilities</i>	<u>\$ 850,036</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Combining Statement of Net Position**  
**Component Units**  
**December 31, 2019**

	<u>Road Commission</u>	<u>Cheboygan Airport Authority</u>	<u>Total Component Units</u>
<b>ASSETS</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 2,214,765	\$ 79,914	\$ 2,294,679
Receivables	91,019	4,402	95,421
Taxes Receivable	1,282,000	--	1,282,000
Due from Other Governments	2,029,110	--	2,029,110
Prepaid Items	139,506	28,466	167,972
Inventories	993,279	780	994,059
<b>Total Current Assets</b>	<u>6,749,679</u>	<u>113,562</u>	<u>6,863,241</u>
<i>Noncurrent Assets</i>			
Capital Assets not Being Depreciated	7,037,269	382,184	7,419,453
Capital Assets Being Depreciated	27,946,098	2,096,043	30,042,141
Restricted Deposits	24,282	--	24,282
<b>Total Assets</b>	<u>41,757,328</u>	<u>2,591,789</u>	<u>44,349,117</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Bond Refunding	30,300	--	30,300
Pension	146,605	--	146,605
<b>Total Deferred Outflows of Resources</b>	<u>176,905</u>	<u>--</u>	<u>176,905</u>
<b>LIABILITIES</b>			
<i>Current Liabilities</i>			
Accounts Payable	43,128	9,849	52,977
Accrued Liabilities	135,040	6,883	141,923
Accrued Interest Payable	20,008	--	20,008
Advances and Deposits	135,126	--	135,126
Current Portion of Long-term Debt	264,036	--	264,036
<b>Total Current Liabilities</b>	<u>597,338</u>	<u>16,732</u>	<u>614,070</u>
<i>Noncurrent Liabilities</i>			
Long-term Debt	1,540,997	--	1,540,997
Compensated Absences	271,879	--	271,879
Net OPEB Liability	10,076,102	--	10,076,102
Net Pension Liability	11,243,912	--	11,243,912
<b>Total Liabilities</b>	<u>23,730,228</u>	<u>16,732</u>	<u>23,746,960</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Levied for a Subsequent Period	1,282,000	--	1,282,000
OPEB	66,772	--	66,772
Pension	1,330,337	--	1,330,337
<b>Total Deferred Inflows of Resources</b>	<u>2,679,109</u>	<u>--</u>	<u>2,679,109</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	33,208,634	2,478,227	35,686,861
<i>Unrestricted</i>	(17,683,738)	96,830	(17,586,908)
<b>Total Net Position</b>	<u>\$ 15,524,896</u>	<u>\$ 2,575,057</u>	<u>\$ 18,099,953</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

**County of Cheboygan**  
**Combining Statement of Activities**  
**Component Units**  
**For the Year Ended December 31, 2019**

	<u>Road Commission</u>	<u>Cheboygan Airport Authority</u>	<u>Total Component Units</u>
<b>Expenses</b>			
Public Works	\$ 10,105,503	\$ 335,520	\$ 10,441,023
<i>Total Expenses</i>	<u>10,105,503</u>	<u>335,520</u>	<u>10,441,023</u>
<b>Program Revenues</b>			
Charges for Services	2,505,106	131,664	2,636,770
Operating Grants and Contributions	9,001,634	505,539	9,507,173
<i>Total Program Revenues</i>	<u>11,506,740</u>	<u>637,203</u>	<u>12,143,943</u>
<i>Net Program Revenues (Expenses)</i>	<u>1,401,237</u>	<u>301,683</u>	<u>1,702,920</u>
<b>General Revenue</b>			
Taxes	1,247,474	--	1,247,474
Other Revenue	62,038	--	62,038
Interest and Rentals	3,655	--	3,655
<i>Total General Revenues</i>	<u>1,313,167</u>	<u>--</u>	<u>1,313,167</u>
<i>Change in Net Position</i>	<u>2,714,404</u>	<u>301,683</u>	<u>3,016,087</u>
<i>Net Position at Beginning of Period</i>	12,810,492	2,273,374	15,083,866
<i>Net Position at End of Period</i>	<u>\$ 15,524,896</u>	<u>\$ 2,575,057</u>	<u>\$ 18,099,953</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

## **NOTES TO FINANCIAL STATEMENTS**

## County of Cheboygan

### Notes to the Financial Statements

---

#### **Note 1 - Summary of Significant Accounting Policies**

The County of Cheboygan, Michigan (the “County” or “government”) is a public corporation created under the Constitution and Statutes of the State of Michigan with the County Seat located in the City of Cheboygan. The County operates under an elected Board of Commissioners (seven members) and provides services to its 25,401 residents (per 2016 estimated census) in many areas, including; law enforcement, administration of justice, community enrichment and development, public works, health and welfare, and recreation and cultural activities.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County’s accounting policies are described below.

#### ***Reporting Entity***

The accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the County.

#### ***Discretely-presented Component Units***

##### ***Cheboygan County Road Commission (the “Road Commission”)***

The Road Commission is considered part of the County reporting entity for financial reporting purposes. The Road Commission is governed by a board elected by the electorate of the County. The Road Commission may not issue debt or levy taxes without the approval of the County Board of Commissioners. However, this component unit of the County has been audited and reported separately. Accordingly, the County has elected to omit substantially all note disclosures related to the Road Commission in these financial statements. Complete financial statements of the individual component unit can be obtained from the following:

Cheboygan County Road Commission  
5302 South Straits Highway  
Indian River, MI 49747

##### ***Cheboygan Airport Authority (the “Airport”)***

The Airport is an authority created by Public Act 206 as amended by Public Act 153, which is supported through fees and rents as well as support from Cheboygan County. The County appoints members of the Airport’s governing board. Management of the County has elected to include the Airport as a discretely presented component unit because the County has the ability to impose its

## County of Cheboygan

### Notes to the Financial Statements

---

will on the Airport. The Airport is audited separately from the County and complete financial statements may be obtained from the Airport's administrative office. Accordingly, the County has elected to omit substantially all note disclosures related to the Airport in these financial statements. The Airport's administrative office contact information is as follows:

Cheboygan County Airport  
1520 Levering Rd  
Cheboygan, Michigan, 49721

#### ***Multi-County Agencies***

The County participates jointly in the operation of the ***District Health Department Office #4*** with Alpena, Presque Isle, and Montmorency Counties. All financial operations of the District Health Department Office #4 are recorded in the financial statements of Alpena County. The funding formula requires the County to provide approximately 30% of the budget appropriation requirement, which amounted to \$240,907 for the year ended December 31, 2019. This expenditure was made from the general fund.

The County participated in the ***North County Community Mental Health Authority*** (the "Authority") with Charlevoix, Otsego, Emmet, Kalkaska, and Antrim Counties. Financial statements for the Authority can be obtained from the Authority. The County contributed \$111,995 for the year ended December 31, 2019. This expenditure was made from the General Fund.

#### ***Regional Joint Operation***

The County, together with Charlevoix and Emmet Counties, has jointly established the ***C.C.E. Central Dispatch Authority*** (the "C.C.E."), which is a Michigan municipal body formed by, and on behalf of, participating municipalities located within the counties of Charlevoix, Cheboygan, and Emmet, through the auspices of the Inter-governmental Contracts between Municipalities Act, Urban Cooperation Act, and Emergency Telephone Service Enabling Act. The County is required to contribute annually to the operations of the C.C.E. The funding formula, which is reviewed every five years, calls for each County to provide 20% of the required funding (total 60% for the three counties), plus their prorated share of the remainder, based on telephone lines. The County's share for the year ended December 31, 2019 was \$459,110. The purpose of the C.C.E. is to centralize the dispatch of emergency service responders in the three county areas. Financial statements for the C.C.E. may be obtained through C.C.E. Central Dispatch Authority, P.O. Box 866, Petoskey, Michigan, 49770.

On April 14, 2020, the County Board adopted a resolution to withdraw from the agreement, effective 90 days from the adoption of the resolution.

## County of Cheboygan

### Notes to the Financial Statements

---

#### ***Government-wide and Fund Financial Statements***

The government-wide financial statements (e.g., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are 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.

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 revenues*.

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.

#### ***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, except for agency funds which do not have a measurement focus. Revenues are 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 revenues 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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 or within one year for expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service and compensated absences expenditures are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of

## County of Cheboygan

### Notes to the Financial Statements

---

the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The **general fund** is the County's primary operating fund. It accounts for all financial resources of the general government except for those that are required to be accounted for in another fund.

The **friend of the court** is used to account for expenditures incurred related to the friend of the court of the County. The primary source of revenue is federal and state funding.

The **Inverness Township sewer debt fund** is used to account for expenditures incurred related to water and sewer system debt the County issued on behalf of the Township that are financed primarily through township payments to cover these expenditures.

The **township road loan program** is used to account for expenditures incurred related to road loan program.

The County reports the following major enterprise funds:

The **Straits Regional Ride Fund** accounts for the expenditures and revenues related to the transportation authority. The primary sources of revenue are charges for services and state and federal grants.

The **delinquent tax fund** accounts for money advanced by the County to other local taxing units and various County funds to pay for their delinquent real property taxes. Revenues are generated by the collection of the delinquent real property taxes, penalties, and interest.

Additionally, the County reports the following fund types:

The **special revenue funds** are used to account for the proceeds of specific revenue sources (other than permanent trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

The **capital projects funds** account for the accumulation and disbursement of resources for the construction of governmental fund capital projects.

The **enterprise funds** are used to account for resources that business-type in nature that provide services to residents for a user charge or fee.

The **agency funds** are used to account for the collection and disbursement of funds that are collected on behalf of outside governments or other parties.

## County of Cheboygan

### Notes to the Financial Statements

---

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for the enterprise funds include depreciation on capital assets, labor, supplies and contracted services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### ***Deposits and Investments***

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value, which is determined as follows: a) short-term investments are reported at cost, which approximates fair value; b) securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates; c) investments that do not have established market values are reported at estimated fair value; and d) cash deposits are reported at carrying amount, which reasonably approximates fair value. State statutes authorize the County to deposit in the accounts of federally insured banks, credit unions and savings and loan associations and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers' acceptances, and mutual funds composed of otherwise legal investments.

#### ***Receivables***

Receivables consist of amounts due from governmental units for various financial assistance programs and accounts receivable related to charges for services, special assessments, and notes receivable made in connection with various programs.

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

#### ***Lease Receivable***

On December 10, 2002, the County borrowed \$3,419,000 from the United States Department of Agriculture ("USDA") under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) for the development of a sewer extension in Inverness Township.

On May 1, 2002, Inverness Township entered into a contract with the County. This contract provides, among other things, that the County will finance a portion of this project in anticipation of sufficient

## County of Cheboygan

### Notes to the Financial Statements

---

payments to be made by the Township to pay the principal and interest on the loan. The outstanding lease receivable recorded in the accompanying basic financial statements is offset by deferred inflows because it is not available for use by the County. The loan consists of a series of notes ranging in amounts of \$40,000 to \$100,000, with maturity dates from September 1, 2005 to September 1, 2024 with interest charged at 4.625%.

The Township has pledged its full faith and credit for the repayment of the loan. Neither the full faith and credit nor the taxing power of the County is pledged for the payment of the notes; therefore, the debt has not been recorded in the accompanying basic financial statements.

During 2020, the Township refinanced the bond resulting in the payoff of the original USDA bond. The County is released from USDA requirements and the ownership of the sewer debt will be held strictly by the Township.

#### *Inventories*

Inventories are valued at the lower of cost or market using the first-in first-out (FIFO) method for proprietary fund types. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories consist primarily of fuel costs.

#### *Capital Assets*

Capital assets are recorded (net of accumulated depreciation, if applicable) in the government-wide financial statements under the governmental activities and component unit columns. Capital assets are those with an individual initial cost of \$5,000 or more and an estimated useful life of more than one year. Capital assets are not recorded in the governmental funds. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the government-wide financial statements. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Land improvements	15
Buildings and improvements	15 - 40
Machinery and equipment	3 - 5
Vehicles	4 - 7
Docks	10 - 40

## County of Cheboygan

### Notes to the Financial Statements

---

#### ***Deferred Outflows/Inflows 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 fund balance/net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure/expense) until then. The County has one item that qualifies for reporting in this category, pension related deferred outflows. The government-wide statements report deferred outflows from the difference between projected and actual investment earnings of the pension plan, differences between plan expected and actual experience, changes in actuarial assumptions, as well as County contributions made after the measurement date of the net pension liability.

In addition to liabilities, the fund level balance sheet and the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance/net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The County reports deferred inflows of resources in its fund level balance sheet and its statement of net position for revenues intended to finance subsequent periods and differences between plan expected and actual experience.

In addition to liabilities, the statement of net position 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 three items that are considered deferred inflows. The first, which arises only under a modified accrual basis of accounting, is *unavailable revenues* and are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues (taxes and notes receivable) from receivables not collected within 60 days after the end of the year as an inflow of resources in the period that the amounts become available (collected). The County also has items that qualify for reporting in this category related to *pensions*, these items are discussed in the notes to the financial statements. Finally, the County also reports *revenues* (property taxes, special assessments, and leases receivable) *intended to finance the subsequent year* as deferred inflows.

#### ***Long-term Obligations***

Long-term debt and other long-term obligations are recognized as a liability in the government-wide financial statements and proprietary fund types when incurred. The portion of those liabilities expected to be paid within the next year is a current liability with the remaining amounts shown as long-term.

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in a debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

## County of Cheboygan

### Notes to the Financial Statements

---

#### ***Compensated Absences***

It is the County's policy to permit employees to accumulate earned but unused sick and vacation time benefits, subject to certain limitations. All sick and vacation time pay is accrued when incurred in the governmental-wide statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

#### ***Unearned Revenues***

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

#### ***Interfund Transactions***

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 transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

#### ***Property Taxes***

The County property tax is levied each December 1 and July 1 on the taxable valuation of property located in the County as of the preceding December 31.

The assessed and taxable value of real and personal property for the December 1, 2018 levy was recognized as revenue in the fiscal year 2019. The general operating tax rate for this levy was at the maximum rate of 5.7284. The County also has a voter approved tax of .5000 mills for senior services, .2500 mills for ambulance services, 1.000 mills for road repair and maintenance, and 0.5000 for 911 central dispatch services (2019 is the initial year that the 911 central dispatch services was levied as approved at the 2018 election).

By resolution of the Board of Commissioners and agreement with various taxing authorities, the County purchased, at face value, the real property taxes receivable returned as delinquent on March 1, 2019. Subsequent collections of delinquent taxes receivable, plus interest thereon and investment earnings, are used to repay the funds distributed by the delinquent tax fund. This activity is accounted for in the delinquent tax (enterprise) fund.

#### ***Pensions***

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System ("MERS") of Michigan, referred to as the pension plans, and

## County of Cheboygan

### Notes to the Financial Statements

---

additions to/deductions from plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

#### ***Net Position Flow Assumption***

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

#### ***Fund Balance Flow Assumptions***

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### ***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form, or b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, interfund advances, and the nonspendable portion of endowments. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed fund balance* classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision making authority. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund

## County of Cheboygan

### Notes to the Financial Statements

---

balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (e.g. the adoption of another resolution) to remove or revise the limitation.

Amounts in the *assigned fund balance* classification 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 fund balance* is the residual classification for the County's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the County Board of Commissioners. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds, the unassigned classification is used only to report a deficit.

#### ***Budgets and Budgetary Accounting***

Budgets are adopted on a basis consistent with the modified accrual basis used to reflect actual results in the fund financial statements. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types.

The County employs the following procedures in establishing budgets:

- a. Each December, after receiving input from the individual departments, the Board of Commissioners prepares a proposed operating budget for the fiscal period commencing January 1<sup>st</sup> and lapses on December 31<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted to obtain taxpayers' comments.
- c. Prior to January 1st, the budgets are legally enacted through passage of a budget resolution.
- d. Budgetary control is exercised at the departmental level of the general fund. Any revisions that alter the total expenditures of any department or fund (e.g., budget amendments) require approval by the Board of Commissioners. Such amendments are made in accordance with the procedures prescribed under public Act 621 of 1978.
- e. The County does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds. All unexpended appropriations lapse at year-end.

## County of Cheboygan

### Notes to the Financial Statements

---

#### *Use of Estimates*

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

#### **Note 2 - Stewardship, Compliance, and Accountability**

P.A. 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. The approved budgets of the County were adopted on the activity level basis for the general fund and the functional basis for special revenue funds.

The County had no expenditures in excess of the amounts appropriated during the year ended December 31, 2019.

#### *Net Position Deficit*

At the September 30, 2019 fiscal year-end for Straits Regional Ride, the authority reported a deficit unrestricted net position of \$(355,925).

#### **Note 3 - Cash, Cash Equivalents, and Investments**

The County utilizes various pooled cash accounts and investments for approximately fifty funds. The County's pooled cash and investments consist of a common checking and savings account. The County's pooled cash and investments are utilized by the general fund, special revenue funds, capital project funds, permanent funds, enterprise funds, trust and agency funds, and component unit funds. Each fund's portion of these pooled accounts is included in the cash, cash equivalents, and investments captions on the combined balance sheet and statement of net position. The other funds of the County utilize separate savings and interest bearing checking accounts. In addition, certificates of deposit are separately held by several of the County's funds.

In accordance with Michigan Compiled Laws, the County is authorized to invest in the following investment vehicles:

- 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, deposit accounts, or depository receipts of a State or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or local office located in this State under the laws of this State or the United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the

## County of Cheboygan

### Notes to the Financial Statements

---

State under Section 6 of 1855 PA 105, MCL 21.146.

- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- 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 delivery basis.
  - (ii) The ability to lend portfolio securities as long as the mutual fund receives collateral at all time equal to at least 100% of the value of the securities loaned.
  - (iii) The limited ability to borrow and pledge a like portion of the portfolio's assets for temporary or emergency purposes.
- h. Obligations described in subdivisions a) through g) if purchased through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
- 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.

The County's deposits and investment policy are in accordance with statutory authority.

**County of Cheboygan**

Notes to the Financial Statements

Following is a reconciliation of deposit and investment balances (including both pooled cash and investments) as of December 31, 2019:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
<b>Statement of Net Position</b>			
Cash and investments	\$ 17,627,439	\$ 2,294,679	\$ 19,922,118
Restricted deposits	-	24,282	24,282
<b>Statement of Fiduciary Assets and Liabilities</b>			
Cash and investments	850,036	-	850,036
<b>Total Cash and Investments</b>	<u>\$ 18,477,475</u>	<u>\$ 2,318,961</u>	<u>\$ 20,796,436</u>
Less Units Separately Audited			
Road Commission	-	(2,239,047)	(2,239,047)
Cheboygan Airport Authority	-	(79,914)	(79,914)
<b>Total Cash and Investments</b>	<u>\$ 18,477,475</u>	<u>\$ -</u>	<u>\$ 18,477,475</u>
<b>Deposits and Investments</b>			
Checking and savings accounts			15,718,097
Certificates of deposit			2,249,525
Investments			508,333
Cash on hand			1,520
<b>Total Deposits and Investments</b>			<u>\$ 18,477,475</u>

***Custodial Credit Risk - Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might 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, \$19,130,578 of the County's bank balance of \$20,390,734 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, the County believes it is impractical to insure all bank deposits. As a result, the County evaluates each financial institution with which it deposits County funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

***Credit Risk***

State law limits investments in certain types of investments to a prime or better rating issued by nationally recognized statistical rating organizations (NRSRO's). As of December 31, 2019, the County had one investment that would be subject to rating by a NRSRO: Michigan CLASS account with an S&P rating of AAAm. The County has no investment policy that would further limit its investment choices.

**County of Cheboygan**  
Notes to the Financial Statements

---

***Interest Rate Risk***

The County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by designing its portfolio with the objective of obtaining a rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio. The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturity dates for investments and certificates of deposits held at year-end are summarized as follows:

	<u>Certificates of Deposits</u>	<u>Investments</u>
No maturity	\$ -	\$ 508,333
Due within 1-5 years	2,249,525	-
	<u>\$ 2,249,525</u>	<u>\$ 508,333</u>

***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.

The County has the following recurring fair value measurements as of December 31, 2019:

- Investments held within Michigan CLASS totaled \$508,333. Michigan CLASS is authorized to invest in the same investment types as local units of government in Michigan. These holdings are valued using level 2 inputs.

**Note 4 - Receivables and Deferred Inflows of Resources**

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are: 1) not considered to be available to liquidate liabilities of the current period, or 2) intended to finance operations of a subsequent period. Amounts deferred to finance a subsequent period are recognized in the government-wide statements.

**County of Cheboygan**

Notes to the Financial Statements

At the end of the current fiscal year, the various components of deferred inflows of resources reported in governmental funds were as follows:

	<b>Revenue Intended to Finance Subsequent Year</b>	<b>Unavailable Revenue</b>	<b>Total</b>
Property taxes receivable	\$ 1,819,101	\$ 382,495	\$ 2,201,596
Special assessments	307,225	-	307,225
Leases receivable	2,240,000	-	2,240,000
Notes receivable	-	1,080,386	1,080,386
<b>Total</b>	<b>\$ 4,366,326</b>	<b>\$ 1,462,881</b>	<b>\$ 5,829,207</b>

**Note 5 - Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds, business-type funds, and the component unit have been eliminated.

The composition of interfund transfers for this year is as follows:

<b>Transfer In</b>	<b>Transfer Out</b>	<b>Amount</b>
General fund	Nonmajor governmental funds	\$ 112,076
Nonmajor governmental funds	General fund	876,920
Friend of the court	General fund	80,718
Nonmajor enterprise funds	General fund	31,945
General fund	Delinquent tax	392,197
Straits Regional Ride*	General fund*	25,651

\*Due to difference in fiscal-year end, the Straits Regional Ride reports transfers in of \$25,651 while the general fund reports transfers out of \$2,549.

Transfers are used to: 1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; 2) move receipts restricted to or allowed for 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.

**County of Cheboygan**

Notes to the Financial Statements

Interfund receivables and payables as reported in the financial statements are comprised of the following:

<u>Receivable</u>	<u>Payable</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	\$ 34
General fund	Friend of the court	83,714
General fund	Township road loan program	335,100
General fund	Nonmajor governmental funds	31,205

The outstanding balances between the funds result mainly from the time lag between the dates that: 1) inter-fund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between the funds are made.

**Note 6 - Capital Assets**

Capital asset activity within governmental activities for the year ended December 31, 2019 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 1,892,102	\$ -	\$ -	\$ -	\$ 1,892,102
Construction in process	3,115,187	118,190	-	(2,959,048)	274,329
<i>Subtotal</i>	<u>5,007,289</u>	<u>118,190</u>	<u>-</u>	<u>(2,959,048)</u>	<u>2,166,431</u>
Capital assets being depreciated:					
Land improvements	540,880	5,100	-	-	545,980
Buildings and improvements	10,153,503	111,636	-	2,959,048	13,224,187
Machinery and equipment	1,744,485	362,679	(39,207)	-	2,067,957
Vehicles	1,041,378	152,166	-	-	1,193,544
<i>Subtotal</i>	<u>13,480,246</u>	<u>631,581</u>	<u>(39,207)</u>	<u>2,959,048</u>	<u>17,031,668</u>
Less accumulated depreciation for:					
Land improvements	(191,885)	(32,160)	-	-	(224,045)
Buildings and improvements	(5,817,280)	(322,392)	-	-	(6,139,672)
Machinery and equipment	(1,474,232)	(106,980)	39,207	-	(1,542,005)
Vehicles	(733,815)	(108,588)	-	-	(842,403)
<i>Subtotal</i>	<u>(8,217,212)</u>	<u>(570,120)</u>	<u>39,207</u>	<u>-</u>	<u>(8,748,125)</u>
Capital assets being depreciated, net	<u>5,263,034</u>	<u>61,461</u>	<u>-</u>	<u>2,959,048</u>	<u>8,283,543</u>
Capital assets, net	<u>\$ 10,270,323</u>	<u>\$ 179,651</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,449,974</u>

**County of Cheboygan**  
Notes to the Financial Statements

Depreciation expense was charged to the following governmental functions:

<b>Governmental Activities:</b>	
Judicial	\$ 18,049
General government	272,555
Public safety	184,882
Public works	26,112
Health and welfare	47,908
Recreation and culture	20,614
Total depreciation expense	\$ 570,120

Capital asset activity within business-type activities for the year ended December 31, 2019 was as follows:

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	\$ 560,959	\$ -	\$ -	\$ 560,959
Land improvements	1,519,258	-	-	1,519,258
Machinery and equipment	96,971	-	-	96,971
Transportation equipment	1,442,534	164,915	-	1,607,449
Docks	691,940	63,890	-	755,830
<i>Subtotal</i>	4,311,662	228,805	-	4,540,467
<i>Less accumulated depreciation for:</i>				
Buildings and improvements	(458,219)	(16,297)	-	(474,516)
Land improvements	(668,032)	(37,894)	-	(705,926)
Machinery and equipment	(87,701)	(1,986)	-	(89,687)
Transportation equipment	(1,032,171)	(101,680)	-	(1,133,851)
Docks	(454,862)	(21,984)	-	(476,846)
<i>Subtotal</i>	(2,700,985)	(179,841)	-	(2,880,826)
Capital assets, net	\$ 1,610,677	\$ 48,964	\$ -	\$ 1,659,641

The beginning balance of business-type activities capital assets changed from the prior year ending balance due to the change in fiscal year-end for the Straits Regional Ride as indicated in Note 14.

Depreciation expense was allocated to the following business-type activities:

<b>Business-type Activities:</b>	
Marina	\$ 76,175
Straits Regional Ride	103,666
Total depreciation expense	\$ 179,841

**County of Cheboygan**  
Notes to the Financial Statements

---

**Note 7 - Capital Lease**

The County made its final lease payment of \$2,920 for a Pitney Bowes postage machine during the year ended December 31, 2019.

**Note 8 - Long-term Obligations**

*Compensated Absences*

Vacation is earned in carrying amounts depending on the number of years of services of the employee and is made available to the employee at their anniversary date, not to exceed a total accumulation of 25 days for union employees, administrative, and nonunion supervisory employees. Vacation is payable at 100% to employees when they terminate employment.

Sick leave is accumulated at the rate of one day for each month of service, not to exceed a total accumulation of 45 – 100 days for court employees, 90 days for sheriff’s department employees, and 30 days for all other employees. Sick leave is payable at 50% at termination, retirement, or death for the sheriff’s department employees only.

A summary of vested employee benefits payable for the primary government as of December 31, 2019 is as follows:

	<b>Beginning Balance</b>	<b>Change (net)</b>	<b>Ending Balance</b>
Vacation liability	\$ 238,355	\$ 8,863	\$ 247,218
Sick liability	124,065	4,371	128,436
<i>Total compensated absences</i>	\$ 362,420	\$ 13,234	\$ 375,654

**Note 9 - Defined Benefit 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](http://www.mersofmich.com).

**County of Cheboygan**  
Notes to the Financial Statements

***Benefits Provided***

Retirement benefits for employees are calculated as follows:

<b>Division</b>	<b>Benefit Multiplier</b>	<b>Benefit Maximum</b>	<b>Final Average Compensation (Years)</b>	<b>Normal Retirement Age</b>	<b>Unreduced Benefit (Age/Years of Service)</b>	<b>Reduced Benefit (Age/Years of Service)</b>	<b>Vesting (Years)</b>
01 - General - closed	2.50%	80%	5	60	55/20	50/25 or 55/15	10
02 - Sheriff - closed	2.50%	80%	3	60	55/20	50/25 or 55/15	10
10 - Elected/Appointed - closed	2.50%	80%	3	60	55/20	50/25 or 55/15	10
20 - Sheriff POLC - closed	2.50%	80%	3	60	55/20	50/25 or 55/15	10
HA - General and Non-Union - open	1.25%	No Max	3	60	-	-	6
HB - All FT Union & Non-Union Patrol - open	1.50%	No Max	3	60	55/25	-	6

***Employees Covered by Benefit Terms***

At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	104
Inactive plan members entitled to but not yet receiving benefits	40
Active plan members	134
Total employees covered by MERS	278

***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.

For the year ended December 31, 2019, the County had the following contribution rates:

<b>Division</b>	<b>Employee Contributions</b>	<b>Employer Contributions</b>
01 - General - closed	3.50%	\$ 38,857
02 - Sheriff - closed	3.50%	11,629
10 - Elected/Appointed - closed	3.50%	13,450
20 - Sheriff POLC - closed	3.00%	17,482
HA - General and Non-Union - open	0.00%	6.86%
HB - All FT Union & Non-Union Patrol - open	0.00%	6.50%

For open divisions, a percent of pay contribution is shown. For closed divisions, a monthly dollar contribution is shown.

**County of Cheboygan**  
Notes to the Financial Statements

***Net Pension Liability***

The County's net pension liability was measured as of December 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an annual actuarial valuation as of that date.

***Actuarial Assumptions***

The total pension liability in the December 31, 2018 annual actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation: 2.50%
- Salary Increases: 3.75% in the long-term
- Investment rate of return: 7.75%, net of investment expense, including inflation

Although no specific price inflation assumptions are needed for the valuation, the 2.5% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

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:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Target Allocation Gross Rate of Return</b>	<b>Long-term Expected Gross Rate of Return</b>	<b>Inflation Assumption</b>	<b>Long-term Expected Real Rate of Return</b>
Global equity	55.50%	8.65%	4.80%	2.50%	3.42%
Global fixed income	18.50%	3.76%	0.70%	2.50%	0.23%
Real assets	13.50%	9.72%	1.31%	2.50%	0.97%
Diversifying strategies	12.50%	7.50%	0.94%	2.50%	0.63%
	<u>100.00%</u>		<u>7.75%</u>		<u>5.25%</u>

**County of Cheboygan**  
Notes to the Financial Statements

***Discount Rate***

The discount rate used to measure the total pension liability is 8.00%. 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***

Changes in the net pension liability during the measurement year were as follows:

<b>Changes in Net Pension Liability</b>	<b>Increase (Decrease)</b>		<b>Net Pension Liability</b>
	<b>Total Pension Liability</b>	<b>Plan Net Position</b>	
<b>Balance at December 31, 2017</b>	\$ 29,460,134	\$ 21,779,052	\$ 7,681,082
Service cost	651,218	-	651,218
Interest	2,320,517	-	2,320,517
Difference between expected and actual experience	(374,174)	-	(374,174)
Contributions - employer	-	973,941	(973,941)
Contributions - employee	-	170,149	(170,149)
Net investment loss	-	(851,057)	851,057
Benefit payments, including refunds	(1,558,537)	(1,558,537)	-
Administrative expenses	-	(42,207)	42,207
<i>Net changes</i>	<u>1,039,024</u>	<u>(1,307,711)</u>	<u>2,346,735</u>
<b>Balance at December 31, 2018</b>	<u>\$ 30,499,158</u>	<u>\$ 20,471,341</u>	<u>\$ 10,027,817</u>

***Allocation:***

Governmental activities	\$ 9,258,540
Business-type activities	769,277
Total	<u>\$ 10,027,817</u>

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

The following presents the net pension liability of the County, calculated using the discount rate of 8.00 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent) or one percentage point higher (9.00 percent) than the current rate:

	<b>1% Decrease (7.00%)</b>	<b>Current Discount Rate (8.00%)</b>	<b>1% Increase (9.00%)</b>
Net pension liability of the County	<u>\$ 13,483,130</u>	<u>\$ 10,027,817</u>	<u>\$ 7,091,342</u>

**County of Cheboygan**  
Notes to the Financial Statements

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

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

For the year ended December 31, 2019, the County recognized pension expense of \$1,989,434. At December 31, 2019, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 1,543,527	\$ -
Differences between expected and actual experience	245,693	280,630
Changes in assumptions	250,624	-
Employer contributions to the plan subsequent to the measurement date*	1,091,074	-
Total	<u>\$ 3,130,918</u>	<u>\$ 280,630</u>
<i>Allocation:</i>		
Governmental activities	\$ 2,874,552	\$ 253,465
Business-type activities	256,366	27,165
Total	<u>\$ 3,130,918</u>	<u>\$ 280,630</u>

\*The amount reported 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 December 31, 2020.

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

<u>Years Ending December 31,</u>	<u>Amount</u>
2020	\$ 806,104
2021	182,285
2022	255,801
2023	515,024

**Note 10 - Contingent Liabilities**

The County participates in a number of federal and state assisted grant programs that are subject to compliance audits. The single audit of the federal programs and the periodic program compliance audits of many of the state programs have not yet been completed or final resolution has not been received. Accordingly, the County's compliance with applicable grant requirements will be

## County of Cheboygan

### Notes to the Financial Statements

---

established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

#### **Note 11 - Risk Management**

The County participates as a member in the Michigan Municipal Risk Management Authority (the "Authority"). The Authority is a municipal self-insurance entity operating pursuant to the State of Michigan Public Act 138 of 1982. The purpose of the Authority is to administer a risk management fund, which provides members with loss protection for general and auto liability, motor vehicle physical damage, and property.

The Authority has entered into reinsurance agreements providing for loss coverage in excess of the amounts to be retained by the Authority and individual members.

In the event a reinsurance company does not meet its obligation to the Authority, responsibility for payment of any unreimbursed claims will be that of the Authority Reinsurance Fund.

The Authority has retained certain levels of risk rather than obtaining coverage through reinsurance agreements. The Authority established the Authority Reinsurance Fund in order to participate in the reinsurance agreements. Individual members are provided the same level of coverage previously afforded through a combination of the reinsurance agreements and the Reinsurance Fund. In addition, the Authority purchases insurance for certain risks not covered by the reinsurance agreements.

The reinsurance agreements discussed above include provisions for minimum annual premiums. As of December 31, 2019, the Authority had met the minimum requirements.

The County is a "state pool member" for the self-insured retention portion of liabilities and as such pays deductibles of only \$250 per vehicle and \$150 per occurrence for property and crime coverage. The County's annual MMRMA premium includes a fee to participate as a "state pool member" for self-insured retention.

The County has transferred the risk of loss for workers' compensation and health insurance via the purchase of commercial insurance policies. Settled claims have not exceeded coverage in any of the past three fiscal years.

#### **Note 12 - Restricted Net Position / Fund Balances - Governmental Funds**

The County reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported

## County of Cheboygan

### Notes to the Financial Statements

in governmental funds. Restricted net position is composed of the same components of restricted fund balance, as shown in the following table:

	General Fund	Inverness Township Sewer Debt	Township Road Loan Program	Nonmajor Governmental Funds	Total Governmental Funds
<b>Restricted</b>					
Township Road Loan Program	\$ -	\$ -	\$ 12,037	\$ -	\$ 12,037
Debt Service	-	5,370	-	-	5,370
<i>Total Restricted</i>	-	5,370	12,037	-	17,407
<b>Committed</b>					
Caseflow Assistance	118,228	-	-	-	118,228
Local Grants	8,625	-	-	-	8,625
L.E.P.C.	6,260	-	-	-	6,260
Capital Improvements	235,627	-	-	-	235,627
Drain Fund	-	-	-	100	100
<i>Total Committed</i>	368,740	-	-	100	368,840
<b>Assigned</b>					
Family Counseling	-	-	-	33,718	33,718
Termination Liability	1,863	-	-	-	1,863
Public Act 302 Training	-	-	-	7,357	7,357
Probation Enhancement	-	-	-	7,809	7,809
Victim's Restitution	-	-	-	3,800	3,800
Remonumentation Grant	-	-	-	22,709	22,709
Community Projects	-	-	-	4,866	4,866
Doris Reid Building	-	-	-	106,275	106,275
Recycling	-	-	-	198,190	198,190
DNR Forest Flow Through	-	-	-	37	37
Public Improvement	-	-	-	6,041	6,041
CCE 911 Millage	-	-	-	705,325	705,325
Register of Deeds Automation	-	-	-	436,259	436,259
Disaster Contingency	10,000	-	-	-	10,000
Sheriff Special Projects	-	-	-	537	537
Concealed Pistol Licensing	-	-	-	62,542	62,542
Local Officer Training	-	-	-	23,186	23,186
D.A.R.E.	-	-	-	1,445	1,445
Drug Court	-	-	-	36,711	36,711
Sobriety Court	-	-	-	18,285	18,285
Veterans Assistance	-	-	-	21,086	21,086
ORV	-	-	-	1,763	1,763
Housing Commission	-	-	-	252,461	252,461
Child Care	-	-	-	78,601	78,601
Senior Citizen's Millage	-	-	-	235,379	235,379
DAV Van	-	-	-	600	600
DHHS Building Fund	-	-	-	52,992	52,992
County Fair	-	-	-	15,362	15,362
CCE 911 Development	423,178	-	-	-	423,178
<i>Total Assigned</i>	435,041	-	-	2,333,336	2,768,377
<b>Unassigned</b>	8,688,023	-	-	-	8,688,023
<b>Total Fund Balance</b>	9,491,804	5,370	12,037	2,333,436	11,842,647

**County of Cheboygan**  
Notes to the Financial Statements

---

**Note 13 - Subsequent Events**

The County may be affected by the recent and ongoing outbreak of the Coronavirus (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. COVID-19 has caused significant government and business disruptions through mandated and voluntary closings and stay at home orders. Management is in the process of determining if this outbreak will have a significant financial impact on the County's financial statements.

**Note 14 - Restatement**

In order to align financial reporting with the Michigan Department of Transportation's program year-end, the Straits Regional Ride's, an enterprise fund, fiscal year-end was changed from December 31, 2019 to September 30, 2019. As a result, the beginning net position for the Authority changed from \$142,974 as of December 31, 2018 to \$167,608 as of September 30, 2018.

The change described above is shown as follows:

	<b>Straits Regional Ride</b>
Beginning net position as of December 31, 2018, as reported	\$ 142,974
Change in fiscal year-end	24,634
Beginning net position as of September 30, 2018, as restated	<u>\$ 167,608</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**County of Cheboygan**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative)</b>
				<b>Final to Actual</b>
<b>Revenues</b>				
Taxes	\$ 8,692,149	\$ 8,692,149	\$ 8,991,794	\$ 299,645
Licenses and Permits	44,650	44,650	44,172	(478)
Federal Sources	116,446	172,727	115,047	(57,680)
State Sources	1,198,441	1,214,570	1,215,189	619
Local Sources	63,959	65,759	62,502	(3,257)
Charges for Services	1,151,148	1,151,148	1,310,835	159,687
Fines and Penalties	26,000	26,000	33,671	7,671
Interest and Rentals	84,641	84,641	84,002	(639)
Refunds and Reimbursements	126,725	126,725	263,189	136,464
Other Revenue	10,000	21,000	21,008	8
<b>Total Revenues</b>	<u>11,514,159</u>	<u>11,599,369</u>	<u>12,141,409</u>	<u>542,040</u>
<b>Other Financing Sources</b>				
Transfers In	853,954	853,954	504,273	(349,681)
<b>Total Revenues and Other Financing Sources</b>	<u>12,368,113</u>	<u>12,453,323</u>	<u>12,645,682</u>	<u>192,359</u>
<b>Expenditures</b>				
<b>Legislative</b>				
Board of Commissioners	157,185	157,185	130,312	26,873
<b>Judicial</b>				
Circuit Court	340,234	340,328	297,690	42,638
District Court	637,840	639,120	623,300	15,820
Victim's Rights	76,968	75,404	73,251	2,153
Jury Board	10,810	10,810	6,317	4,493
Probate Court	631,441	645,580	630,993	14,587
<b>Total Judicial</b>	<u>1,697,293</u>	<u>1,711,242</u>	<u>1,631,551</u>	<u>79,691</u>
<b>General Government</b>				
Elections	20,876	20,876	8,986	11,890
Finance	283,873	301,826	294,413	7,413
Administrative Office	240,659	240,709	232,511	8,198
County Clerk/Register of Deeds	471,681	471,866	467,660	4,206
Equalization	231,380	234,380	225,947	8,433
Information Systems	388,985	474,185	450,019	24,166
Prosecuting Attorney	654,957	668,215	585,054	83,161
GIS	72,695	73,395	72,385	1,010
Treasurer	347,952	347,952	334,003	13,949
Maintenance	512,674	477,474	462,070	15,404
Major Equipment and Building	78,500	65,785	65,074	711
Human Resources	5,775	6,690	6,506	184
Drain Commission	6,090	6,090	4,068	2,022
County Surveyor	2,150	2,150	2,150	--
MSU Extension	236,296	152,789	124,449	28,340
Soil Conservation	13,720	13,720	13,234	486
Termination Liability	82,000	82,000	77,902	4,098
Disaster Contingency	10,000	10,000	--	10,000
General	932,496	760,304	519,754	240,550
<b>Total General Government</b>	<u>\$ 4,592,759</u>	<u>\$ 4,410,406</u>	<u>\$ 3,946,185</u>	<u>\$ 464,221</u>

Continued...

**County of Cheboygan**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Expenditures</b>				
<b>Public Safety</b>				
Sheriff	\$ 1,914,341	\$ 2,001,988	\$ 1,911,843	\$ 90,145
ORV Enforcement	34,517	34,404	32,759	1,645
CCE 911	490,260	490,260	459,110	31,150
Marine Safety	111,502	117,068	116,349	719
Snowmobile Safety	11,400	7,206	6,588	618
Secondary Road Patrol	82,039	82,039	80,388	1,651
Stonegarden	50,000	106,281	48,095	58,186
Local Grants	10,412	10,412	8,432	1,980
Canine Unit	10,000	21,000	17,955	3,045
Courthouse Security	46,868	46,868	42,419	4,449
Corrections/Communications	1,558,567	1,572,067	1,559,408	12,659
Emergency Management Services	81,479	81,479	79,617	1,862
Animal Control	166,053	166,053	164,039	2,014
<b>Total Public Safety</b>	<u>4,567,438</u>	<u>4,737,125</u>	<u>4,527,002</u>	<u>210,123</u>
<b>Health and Welfare</b>				
Health Department	236,855	242,968	240,907	2,061
Mental Health	112,495	112,495	111,995	500
Medical Examiner	20,798	29,798	27,415	2,383
Soldier's Relief	5,220	5,220	2,113	3,107
Social Services Medical	7,400	7,400	1,331	6,069
Veteran's Services	131,060	131,060	123,080	7,980
<b>Total Health and Welfare</b>	<u>513,828</u>	<u>528,941</u>	<u>506,841</u>	<u>22,100</u>
<b>Community and Economic Development</b>				
Planning and Zoning	325,273	324,573	317,983	6,590
<b>Recreation and Culture</b>				
Airport Operations	80,000	80,000	80,000	--
Fairgrounds and Events	56,093	56,093	29,382	26,711
Veteran's Park	9,000	9,000	2,368	6,632
<b>Total Recreation and Culture</b>	<u>145,093</u>	<u>145,093</u>	<u>111,750</u>	<u>33,343</u>
<b>Other</b>				
Insurance	225,892	229,000	228,602	398
Other Miscellaneous	340	340	153	187
<b>Total Other</b>	<u>226,232</u>	<u>229,340</u>	<u>228,755</u>	<u>585</u>
<b>Debt Service</b>				
	<u>2,920</u>	<u>5,946</u>	<u>5,946</u>	<u>--</u>
<b>Total Expenditures</b>	<u>12,228,021</u>	<u>12,249,851</u>	<u>11,406,325</u>	<u>843,526</u>
<b>Other Financing Uses</b>				
Transfers Out	1,474,021	1,797,231	992,132	805,099
<b>Total Expenditures and Other Financing Uses</b>	<u>13,702,042</u>	<u>14,047,081</u>	<u>12,398,457</u>	<u>1,648,624</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>				
	<u>(1,333,929)</u>	<u>(1,593,758)</u>	<u>247,225</u>	<u>1,840,983</u>
<b>Net Change in Fund Balance</b>	<u>(1,333,929)</u>	<u>(1,593,758)</u>	<u>247,225</u>	<u>1,840,983</u>
<b>Fund Balance at Beginning of Period</b>	<u>9,244,579</u>	<u>9,244,579</u>	<u>9,244,579</u>	<u>--</u>
<b>Fund Balance at End of Period</b>	<u>\$ 7,910,650</u>	<u>\$ 7,650,821</u>	<u>\$ 9,491,804</u>	<u>\$ 1,840,983</u>

Concluded.

**County of Cheboygan**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Friend of the Court**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Federal Sources	\$ 362,645	\$ 369,483	\$ 358,576	\$ (10,907)
State Sources	36,509	36,509	39,144	2,635
Local Sources	61,382	61,382	60,954	(428)
Charges for Services	21,660	21,660	19,019	(2,641)
<b>Total Revenues</b>	<u>482,196</u>	<u>489,034</u>	<u>477,693</u>	<u>(11,341)</u>
<b>Other Financing Sources</b>				
Transfers In	68,637	72,159	80,718	8,559
<b>Total Revenues and Other Financing Sources</b>	<u>550,833</u>	<u>561,193</u>	<u>558,411</u>	<u>(2,782)</u>
<b>Expenditures</b>				
Judicial	550,833	573,793	558,411	15,382
<b>Total Expenditures</b>	<u>550,833</u>	<u>573,793</u>	<u>558,411</u>	<u>15,382</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures</b>	--	(12,600)	--	12,600
<b>Net Change in Fund Balance</b>	--	<u>(12,600)</u>	--	<u>12,600</u>
<b>Fund Balance at Beginning of Period</b>	--	--	--	--
<b>Fund Balance at End of Period</b>	<u>\$ --</u>	<u>\$ (12,600)</u>	<u>\$ --</u>	<u>\$ 12,600</u>

**County of Cheboygan**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Inverness Township Sewer Debt**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Local Sources	\$ 205,307	\$ 205,307	\$ 202,994	\$ (2,313)
Interest and Rentals	--	--	5	5
<b>Total Revenues</b>	<u>205,307</u>	<u>205,307</u>	<u>202,999</u>	<u>(2,308)</u>
<b>Expenditures</b>				
Debt Service - Interest	205,307	205,307	202,994	2,313
<b>Total Expenditures</b>	<u>205,307</u>	<u>205,307</u>	<u>202,994</u>	<u>2,313</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	--	--	5	5
<b>Net Change in Fund Balance</b>	--	--	5	5
<b>Fund Balance at Beginning of Period</b>	5,365	5,365	5,365	--
<b>Fund Balance at End of Period</b>	<u>\$ 5,365</u>	<u>\$ 5,365</u>	<u>\$ 5,370</u>	<u>\$ 5</u>

**County of Cheboygan**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual**  
**Township Road Loan Program**  
**For the Year Ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<b>Variance</b>
	<u>Original</u>	<u>Final</u>		<b>Positive (Negative) Final to Actual</b>
<b>Revenues</b>				
Interest and Rentals	\$ --	\$ --	\$ 5,360	\$ 5,360
<i>Total Revenues</i>	<u>--</u>	<u>--</u>	<u>5,360</u>	<u>5,360</u>
<b>Expenditures</b>				
<i>Total Expenditures</i>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<i>Excess (Deficiency) of Revenues Over Expenditures</i>	<u>--</u>	<u>--</u>	<u>5,360</u>	<u>5,360</u>
<i>Net Change in Fund Balance</i>	<u>--</u>	<u>--</u>	<u>5,360</u>	<u>5,360</u>
<i>Fund Balance at Beginning of Period</i>	6,677	6,677	6,677	--
<i>Fund Balance at End of Period</i>	<u>\$ 6,677</u>	<u>\$ 6,677</u>	<u>\$ 12,037</u>	<u>\$ 5,360</u>

**County of Cheboygan**  
**Required Supplementary Information**  
**Schedule of Changes in Net Pension Liability and Related Ratios**  
**Last Five Calendar Years**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service Cost	\$ 651,218	\$ 663,977	\$ 606,305	\$ 641,356	\$ 593,125
Interest	2,320,517	2,202,134	2,081,552	1,860,889	1,808,149
Differences Between Expected and Actual Experience	(374,174)	196,980	236,900	163,725	-
Changes in Assumptions	-	-	-	1,253,128	-
Benefit Payments, Including Refunds	(1,558,537)	(1,595,286)	(1,288,578)	(1,114,294)	(1,048,189)
Other Changes	-	(1)	(4,386)	58,153	-
<b>Net Change in Pension Liability</b>	<u>1,039,024</u>	<u>1,467,804</u>	<u>1,631,793</u>	<u>2,862,957</u>	<u>1,353,085</u>
<i>Total Pension Liability - Beginning</i>	29,460,134	27,992,330	26,360,537	23,497,580	22,144,495
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 30,499,158</u>	<u>\$ 29,460,134</u>	<u>\$ 27,992,330</u>	<u>\$ 26,360,537</u>	<u>\$ 23,497,580</u>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 973,941	\$ 1,134,796	\$ 1,075,037	\$ 793,069	\$ 723,370
Contributions - Member	170,149	208,676	185,646	309,950	178,124
Net Investment Income (Loss)	(851,057)	2,573,528	2,006,495	(273,612)	1,078,034
Benefit Payments, Including Refunds	(1,558,537)	(1,595,286)	(1,288,578)	(1,114,294)	(1,048,189)
Administrative Expenses	(42,207)	(40,736)	(39,589)	(39,544)	(39,659)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(1,307,711)</u>	<u>2,280,978</u>	<u>1,939,011</u>	<u>(324,431)</u>	<u>891,680</u>
<i>Plan Fiduciary Net Position - Beginning</i>	21,779,052	19,498,074	17,559,063	17,883,494	16,991,814
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 20,471,341</u>	<u>\$ 21,779,052</u>	<u>\$ 19,498,074</u>	<u>\$ 17,559,063</u>	<u>\$ 17,883,494</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	\$ 10,027,817	\$ 7,681,082	\$ 8,494,256	\$ 8,801,474	\$ 5,614,086
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	67.1%	73.9%	69.7%	66.6%	76.1%
Covered Payroll	\$ 5,924,730	\$ 5,807,595	\$ 5,057,284	\$ 5,595,966	\$ 5,171,109
Net Pension Liability as a Percentage of Covered Payroll	169.3%	132.3%	168.0%	157.3%	108.6%

\* Built prospectively upon implementation on GASB 68

**County of Cheboygan  
Required Supplementary Information  
Schedule of Contributions  
Last Six Calendar Years**

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 1,091,074	\$ 973,941	\$ 974,897	\$ 825,037	\$ 748,069	\$ 723,370
Contributions in Relation to the Actuarially Determined Contribution	1,091,074	1,144,091	1,134,797	1,075,037	793,069	723,370
Contribution Excess (Deficiency)	\$ -	\$ 170,150	\$ 159,900	\$ 250,000	\$ 45,000	\$ -
Covered Payroll	6,533,278	5,924,730	5,807,595	5,057,284	5,595,966	5,171,109
Contributions as a Percentage of Covered Payroll	16.7%	19.3%	19.5%	21.3%	14.2%	14.0%

*Notes*

**Valuation Date**

Actuarially determined contribution amounts are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which the contributions are required.

**Methods and assumptions used to determine contribution rates**

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	20 years
Asset valuation method	5 year smoothed
Inflation	2.50%
Salary increases	3.75%
Investment rate of return	7.75%
Retirement age	Varies depending on plan adoption
Mortality	50% Male - 50% Female blend of the RP-2014 Group Annuity Mortality Table

**OTHER SUPPLEMENTARY INFORMATION**

**County of Cheboygan  
General Fund Combining Balance Sheet  
All Funds Treated as General  
December 31, 2019**

	General Fund	Termination Liability	Disaster Contingency	Courthouse Preservation	CCE 911 Capital	Social Services	Soldier's Relief	Total General Funds
<b>ASSETS</b>								
Cash and Investments	\$ 8,218,791	\$ 1,863	\$ 10,000	\$ --	\$ 423,178	\$ --	\$ --	\$ 8,653,832
Receivables	211,723	--	--	--	--	--	--	211,723
Taxes Receivable	546,388	--	--	--	--	--	--	546,388
Due from Other Governments	394,157	--	--	--	--	--	--	394,157
Due from Other Funds	450,019	--	--	--	--	--	--	450,019
<i>Total Assets</i>	<b>\$ 9,821,078</b>	<b>\$ 1,863</b>	<b>\$ 10,000</b>	<b>\$ --</b>	<b>\$ 423,178</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 10,256,119</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 117,327	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 117,327
Accrued Liabilities	212,613	--	--	--	--	--	--	212,613
Unearned Revenue	51,846	--	--	--	--	--	--	51,846
Due to Other Funds	34	--	--	--	--	--	--	34
<i>Total Liabilities</i>	<b>381,820</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>381,820</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue	382,495	--	--	--	--	--	--	382,495
<i>Total Liabilities and Deferred Inflows of Resources</i>	<b>764,315</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>764,315</b>
<b>FUND BALANCE</b>								
Committed	368,740	--	--	--	--	--	--	368,740
Assigned	--	1,863	10,000	--	423,178	--	--	435,041
Unassigned	8,688,023	--	--	--	--	--	--	8,688,023
<i>Total Fund Balance</i>	<b>9,056,763</b>	<b>1,863</b>	<b>10,000</b>	<b>--</b>	<b>423,178</b>	<b>--</b>	<b>--</b>	<b>9,491,804</b>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</i>	<b>\$ 9,821,078</b>	<b>\$ 1,863</b>	<b>\$ 10,000</b>	<b>\$ --</b>	<b>\$ 423,178</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 10,256,119</b>

**County of Cheboygan**  
**General Fund Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Funds Treated as General**  
**For the Year Ended December 31, 2019**

	<u>General Fund</u>	<u>Termination Liability</u>	<u>Disaster Contingency</u>	<u>Courthouse Preservation</u>	<u>CCE 911 Capital</u>	<u>Social Services</u>	<u>Soldier's Relief</u>	<u>Elimination Fund</u>	<u>Total General Funds</u>
<b>Revenues</b>									
Taxes	\$ 8,991,794	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,991,794
Licenses and Permits	44,172	--	--	--	--	--	--	--	44,172
Federal Sources	115,047	--	--	--	--	--	--	--	115,047
State Sources	1,215,189	--	--	--	--	--	--	--	1,215,189
Local Sources	62,502	--	--	--	--	--	--	--	62,502
Charges for Services	1,310,835	--	--	--	--	--	--	--	1,310,835
Fines and Penalties	33,671	--	--	--	--	--	--	--	33,671
Refunds and Reimbursement	263,189	--	--	--	--	--	--	--	263,189
Other Revenues	21,008	--	--	--	--	--	--	--	21,008
Interest and Rentals	84,002	--	--	--	--	--	--	--	84,002
<b>Total Revenues</b>	<b>12,141,409</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>12,141,409</b>
<b>Expenditures</b>									
Legislative	130,312	--	--	--	--	--	--	--	130,312
Judicial	1,631,551	--	--	--	--	--	--	--	1,631,551
General Government	3,700,105	77,902	--	168,178	--	--	--	--	3,946,185
Public Safety	4,507,269	--	--	--	19,733	--	--	--	4,527,002
Health and Welfare	503,397	--	--	--	--	1,331	2,113	--	506,841
Community and Economic Development	317,983	--	--	--	--	--	--	--	317,983
Recreation and Culture	111,750	--	--	--	--	--	--	--	111,750
Other Expenditures	228,755	--	--	--	--	--	--	--	228,755
Debt Service - Principal	2,920	--	--	--	--	--	--	--	2,920
Debt Service - Interest	3,026	--	--	--	--	--	--	--	3,026
<b>Total Expenditures</b>	<b>11,137,068</b>	<b>77,902</b>	<b>--</b>	<b>168,178</b>	<b>19,733</b>	<b>1,331</b>	<b>2,113</b>	<b>--</b>	<b>11,406,325</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,004,341</b>	<b>(77,902)</b>	<b>--</b>	<b>(168,178)</b>	<b>(19,733)</b>	<b>(1,331)</b>	<b>(2,113)</b>	<b>--</b>	<b>735,084</b>
<b>Other Financing Sources (Uses)</b>									
Transfers In	504,273	35,000	--	168,178	50,733	1,331	2,113	(257,355)	504,273
Transfer Out	(1,249,487)	--	--	--	--	--	--	257,355	(992,132)
<b>Net Other Financing Sources (Uses)</b>	<b>(745,214)</b>	<b>35,000</b>	<b>--</b>	<b>168,178</b>	<b>50,733</b>	<b>1,331</b>	<b>2,113</b>	<b>--</b>	<b>(487,859)</b>
<b>Net Change in Fund Balance</b>	<b>259,127</b>	<b>(42,902)</b>	<b>--</b>	<b>--</b>	<b>31,000</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>247,225</b>
<i>Fund Balance at Beginning of Period</i>	8,797,636	44,765	10,000	--	392,178	--	--	--	9,244,579
<b>Fund Balance at End of Period</b>	<b>\$ 9,056,763</b>	<b>\$ 1,863</b>	<b>\$ 10,000</b>	<b>\$ --</b>	<b>\$ 423,178</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 9,491,804</b>

**County of Cheboygan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019**

	<b>Special Revenue</b>						
	<b>Family Counseling</b>	<b>PA 302 Training</b>	<b>Public Act 106</b>	<b>Probation Enhancement</b>	<b>Victim's Restitution</b>	<b>Remonumentation Grant</b>	<b>Community Projects</b>
<b>ASSETS</b>							
Cash and Investments	\$ 33,718	\$ 8,023	\$ --	\$ 7,898	\$ 3,800	\$ --	\$ 4,866
Receivables	--	--	--	--	--	33,734	--
Taxes Receivable	--	--	--	--	--	--	--
Due from Other Funds	--	--	--	--	--	--	--
Notes Receivable	--	--	--	--	--	--	--
<b>Total Assets</b>	<b>\$ 33,718</b>	<b>\$ 8,023</b>	<b>\$ --</b>	<b>\$ 7,898</b>	<b>\$ 3,800</b>	<b>\$ 33,734</b>	<b>\$ 4,866</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ --	\$ 666	\$ --	\$ 89	\$ --	\$ --	\$ --
Accrued Liabilities	--	--	--	--	--	--	--
Due to Other Governments	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to Other Funds	--	--	--	--	--	11,025	--
<b>Total Liabilities</b>	<b>--</b>	<b>666</b>	<b>--</b>	<b>89</b>	<b>--</b>	<b>11,025</b>	<b>--</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	--	--	--	--
Revenue Intended to Finance Subsequent Year	--	--	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>666</b>	<b>--</b>	<b>89</b>	<b>--</b>	<b>11,025</b>	<b>--</b>
<b>FUND BALANCE</b>							
Committed	--	--	--	--	--	--	--
Assigned	33,718	7,357	--	7,809	3,800	22,709	4,866
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>33,718</b>	<b>7,357</b>	<b>--</b>	<b>7,809</b>	<b>3,800</b>	<b>22,709</b>	<b>4,866</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 33,718</b>	<b>\$ 8,023</b>	<b>\$ --</b>	<b>\$ 7,898</b>	<b>\$ 3,800</b>	<b>\$ 33,734</b>	<b>\$ 4,866</b>

**County of Cheboygan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019**

	<b>Special Revenue</b>						
	<b>Ambulance Millage</b>	<b>Doris Reid Building</b>	<b>Recycling</b>	<b>Cellular Phone</b>	<b>911 4% Surcharge</b>	<b>DNR Forest Flow Through</b>	<b>Public Improvement</b>
<b>ASSETS</b>							
Cash and Investments	\$ --	\$ 105,969	\$ 199,197	\$ --	\$ 171	\$ 37	\$ 6,041
Receivables	--	786	307,858	44,827	22,091	--	--
Taxes Receivable	363,673	--	--	--	--	--	--
Due from Other Funds	--	--	--	--	19	--	--
Notes Receivable	--	--	--	--	--	--	--
<b>Total Assets</b>	<b>\$ 363,673</b>	<b>\$ 106,755</b>	<b>\$ 507,055</b>	<b>\$ 44,827</b>	<b>\$ 22,281</b>	<b>\$ 37</b>	<b>\$ 6,041</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ --	\$ --	\$ 308	\$ 44,827	\$ 22,281	\$ --	\$ --
Accrued Liabilities	--	--	1,332	--	--	--	--
Due to Other Governments	--	--	--	--	--	--	--
Unearned Revenue	--	480	--	--	--	--	--
Due to Other Funds	--	--	--	--	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>480</b>	<b>1,640</b>	<b>44,827</b>	<b>22,281</b>	<b>--</b>	<b>--</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	--	--	--	--
Revenue Intended to Finance Subsequent Year	363,673	--	307,225	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>363,673</b>	<b>480</b>	<b>308,865</b>	<b>44,827</b>	<b>22,281</b>	<b>--</b>	<b>--</b>
<b>FUND BALANCE</b>							
Committed	--	--	--	--	--	--	--
Assigned	--	106,275	198,190	--	--	37	6,041
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>--</b>	<b>106,275</b>	<b>198,190</b>	<b>--</b>	<b>--</b>	<b>37</b>	<b>6,041</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 363,673</b>	<b>\$ 106,755</b>	<b>\$ 507,055</b>	<b>\$ 44,827</b>	<b>\$ 22,281</b>	<b>\$ 37</b>	<b>\$ 6,041</b>

**County of Cheboygan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019**

	<b>Special Revenue</b>						
	<b>Building Department</b>	<b>Register of Deeds Automation</b>	<b>Sheriff Special Projects</b>	<b>Concealed Pistol</b>	<b>Local Officer Training</b>	<b>DARE</b>	<b>Drug Court</b>
<b>ASSETS</b>							
Cash and Investments	\$ 10,247	\$ 436,361	\$ 537	\$ 62,542	\$ 24,787	\$ 1,445	\$ 19,833
Receivables	--	--	--	--	--	--	20,742
Taxes Receivable	--	--	--	--	--	--	--
Due from Other Funds	--	--	--	--	--	--	--
Notes Receivable	--	--	--	--	--	--	--
<b>Total Assets</b>	<b>\$ 10,247</b>	<b>\$ 436,361</b>	<b>\$ 537</b>	<b>\$ 62,542</b>	<b>\$ 24,787</b>	<b>\$ 1,445</b>	<b>\$ 40,575</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ 491	\$ --	\$ --	\$ --	\$ 1,601	\$ --	\$ 2,015
Accrued Liabilities	9,756	102	--	--	--	--	1,849
Due to Other Governments	--	--	--	--	--	--	--
Unearned Revenue	--	--	--	--	--	--	--
Due to Other Funds	--	--	--	--	--	--	--
<b>Total Liabilities</b>	<b>10,247</b>	<b>102</b>	<b>--</b>	<b>--</b>	<b>1,601</b>	<b>--</b>	<b>3,864</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	--	--	--	--
Revenue Intended to Finance Subsequent Year	--	--	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>10,247</b>	<b>102</b>	<b>--</b>	<b>--</b>	<b>1,601</b>	<b>--</b>	<b>3,864</b>
<b>FUND BALANCE</b>							
Committed	--	--	--	--	--	--	--
Assigned	--	436,259	537	62,542	23,186	1,445	36,711
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>--</b>	<b>436,259</b>	<b>537</b>	<b>62,542</b>	<b>23,186</b>	<b>1,445</b>	<b>36,711</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 10,247</b>	<b>\$ 436,361</b>	<b>\$ 537</b>	<b>\$ 62,542</b>	<b>\$ 24,787</b>	<b>\$ 1,445</b>	<b>\$ 40,575</b>

**County of Cheboygan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019**

	<b>Special Revenue</b>					
	<u>Sobriety Court</u>	<u>Law Library</u>	<u>Veteran's Assistance</u>	<u>SAYPA Program</u>	<u>Senior Citizen's Millage</u>	<u>Child Care</u>
<b>ASSETS</b>						
Cash and Investments	\$ 18,357	\$ --	\$ 21,086	\$ --	\$ 247,484	\$ 61,131
Receivables	--	--	--	18,746	--	56,781
Taxes Receivable	--	--	--	--	727,481	--
Due from Other Funds	--	--	--	--	--	--
Notes Receivable	--	--	--	--	--	--
<b>Total Assets</b>	<b>\$ 18,357</b>	<b>\$ --</b>	<b>\$ 21,086</b>	<b>\$ 18,746</b>	<b>\$ 974,965</b>	<b>\$ 117,912</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 72	\$ --	\$ --	\$ --	\$ 12,105	\$ --
Accrued Liabilities	--	--	--	792	--	7,111
Due to Other Governments	--	--	--	--	--	32,200
Unearned Revenue	--	--	--	--	--	--
Due to Other Funds	--	--	--	17,954	--	--
<b>Total Liabilities</b>	<b>72</b>	<b>--</b>	<b>--</b>	<b>18,746</b>	<b>12,105</b>	<b>39,311</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue	--	--	--	--	--	--
Revenue Intended to Finance Subsequent Year	--	--	--	--	727,481	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>72</b>	<b>--</b>	<b>--</b>	<b>18,746</b>	<b>739,586</b>	<b>39,311</b>
<b>FUND BALANCE</b>						
Committed	--	--	--	--	--	--
Assigned	18,285	--	21,086	--	235,379	78,601
Unassigned	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>18,285</b>	<b>--</b>	<b>21,086</b>	<b>--</b>	<b>235,379</b>	<b>78,601</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 18,357</b>	<b>\$ --</b>	<b>\$ 21,086</b>	<b>\$ 18,746</b>	<b>\$ 974,965</b>	<b>\$ 117,912</b>

**County of Cheboygan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019**

	<b>Special Revenue</b>						
	<b>Senior Citizens Busing</b>	<b>DAV Van</b>	<b>County Fair</b>	<b>Housing Commission</b>	<b>Sheriff Work Crew</b>	<b>ORV Fund</b>	<b>Indigent Defense</b>
<b>ASSETS</b>							
Cash and Investments	\$ --	\$ 600	\$ 15,283	\$ 254,850	\$ 86	\$ 1,763	\$ 38,573
Receivables	--	--	300	--	690	--	--
Taxes Receivable	--	--	--	--	--	--	--
Due from Other Funds	--	--	--	--	--	--	15
Notes Receivable	--	--	--	1,080,386	--	--	--
<b>Total Assets</b>	<b>\$ --</b>	<b>\$ 600</b>	<b>\$ 15,583</b>	<b>\$ 1,335,236</b>	<b>\$ 776</b>	<b>\$ 1,763</b>	<b>\$ 38,588</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 8,930
Accrued Liabilities	--	--	221	--	776	--	--
Due to Other Governments	--	--	--	163	--	--	--
Unearned Revenue	--	--	--	--	--	--	29,658
Due to Other Funds	--	--	--	2,226	--	--	--
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>221</b>	<b>2,389</b>	<b>776</b>	<b>--</b>	<b>38,588</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	1,080,386	--	--	--
Revenue Intended to Finance Subsequent Year	--	--	--	--	--	--	--
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>--</b>	<b>221</b>	<b>1,082,775</b>	<b>776</b>	<b>--</b>	<b>38,588</b>
<b>FUND BALANCE</b>							
Committed	--	--	--	--	--	--	--
Assigned	--	600	15,362	252,461	--	1,763	--
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>--</b>	<b>600</b>	<b>15,362</b>	<b>252,461</b>	<b>--</b>	<b>1,763</b>	<b>--</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ --</b>	<b>\$ 600</b>	<b>\$ 15,583</b>	<b>\$ 1,335,236</b>	<b>\$ 776</b>	<b>\$ 1,763</b>	<b>\$ 38,588</b>

**County of Cheboygan  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2019**

	<u>Special Revenue</u>		<u>Capital Projects</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Veteran's Memorial Park</u>	<u>CCE 911 Millage</u>	<u>DHHS Building</u>	<u>Revolving Drain Fund</u>	<u>Doris Reid Capital Project</u>	<u>Animal Control Project</u>	
<b>ASSETS</b>							
Cash and Investments	\$ --	\$ 705,325	\$ 52,992	\$ 100	\$ --	\$ 1,724	\$ 2,344,826
Receivables	--	--	--	--	--	--	506,555
Taxes Receivable	--	727,947	--	--	--	--	1,819,101
Due from Other Funds	--	--	--	--	--	--	34
Notes Receivable	--	--	--	--	--	--	1,080,386
<b>Total Assets</b>	<b>\$ --</b>	<b>\$ 1,433,272</b>	<b>\$ 52,992</b>	<b>\$ 100</b>	<b>\$ --</b>	<b>\$ 1,724</b>	<b>\$ 5,750,902</b>
<b>LIABILITIES</b>							
Accounts Payable	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,724	\$ 95,109
Accrued Liabilities	--	--	--	--	--	--	21,939
Due to Other Governments	--	--	--	--	--	--	32,363
Unearned Revenue	--	--	--	--	--	--	30,138
Due to Other Funds	--	--	--	--	--	--	31,205
<b>Total Liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,724</b>	<b>210,754</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue	--	--	--	--	--	--	1,080,386
Revenue Intended to Finance Subsequent Year	--	727,947	--	--	--	--	2,126,326
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>--</b>	<b>727,947</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>1,724</b>	<b>3,417,466</b>
<b>FUND BALANCE</b>							
Committed	--	--	--	100	--	--	100
Assigned	--	705,325	52,992	--	--	--	2,333,336
Unassigned	--	--	--	--	--	--	--
<b>Total Fund Balance</b>	<b>--</b>	<b>705,325</b>	<b>52,992</b>	<b>100</b>	<b>--</b>	<b>--</b>	<b>2,333,436</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ --</b>	<b>\$ 1,433,272</b>	<b>\$ 52,992</b>	<b>\$ 100</b>	<b>\$ --</b>	<b>\$ 1,724</b>	<b>\$ 5,750,902</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

	Special Revenue						
	Family Counseling	PA 302 Training	Public Act 106	Probation Enhancement	Victim's Restitution	Remonumentation Grant	Community Projects
<b>Revenues</b>							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
State Sources	--	3,372	141,646	--	--	56,224	--
Local Sources	--	--	--	--	--	--	--
Charges for Services	--	--	--	--	--	--	--
Fines and Penalties	--	--	--	872	--	--	--
Other Revenues	1,870	--	--	--	2,935	--	--
Interest and Rentals	--	--	--	--	--	--	--
<b>Total Revenues</b>	<b>1,870</b>	<b>3,372</b>	<b>141,646</b>	<b>872</b>	<b>2,935</b>	<b>56,224</b>	<b>--</b>
<b>Expenditures</b>							
Judicial	--	--	--	--	--	--	--
General Government	--	--	141,646	--	--	56,225	--
Public Safety	--	3,980	--	3,164	--	--	--
Health and Welfare	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>--</b>	<b>3,980</b>	<b>141,646</b>	<b>3,164</b>	<b>--</b>	<b>56,225</b>	<b>--</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,870</b>	<b>(608)</b>	<b>--</b>	<b>(2,292)</b>	<b>2,935</b>	<b>(1)</b>	<b>--</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	--	--	--	--	--
Transfer Out	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>1,870</b>	<b>(608)</b>	<b>--</b>	<b>(2,292)</b>	<b>2,935</b>	<b>(1)</b>	<b>--</b>
<i>Fund Balance at Beginning of Period</i>	31,848	7,965	--	10,101	865	22,710	4,866
<b>Fund Balance at End of Period</b>	<b>\$ 33,718</b>	<b>\$ 7,357</b>	<b>\$ --</b>	<b>\$ 7,809</b>	<b>\$ 3,800</b>	<b>\$ 22,709</b>	<b>\$ 4,866</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

	<b>Special Revenue</b>						
	<b>Ambulance Millage</b>	<b>Doris Reid Building</b>	<b>Recycling</b>	<b>Cellular Phone</b>	<b>911 4% Surcharge</b>	<b>DNR Forest Flow Through</b>	<b>Public Improvement</b>
<b>Revenues</b>							
Taxes	\$ 352,964	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	3,902	--
State Sources	--	--	--	--	--	--	--
Local Sources	--	--	--	--	--	--	--
Charges for Services	--	--	305,996	--	--	--	--
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	--	199,907	183,073	--	--
Interest and Rentals	--	85,595	--	--	--	--	--
<b>Total Revenues</b>	<b>352,964</b>	<b>85,595</b>	<b>305,996</b>	<b>199,907</b>	<b>183,073</b>	<b>3,902</b>	<b>--</b>
<b>Expenditures</b>							
Judicial	--	--	--	--	--	--	--
General Government	--	26,382	267,043	--	--	--	--
Public Safety	--	--	--	199,907	183,092	--	--
Health and Welfare	352,964	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	3,865	--
Capital Outlay	--	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>352,964</b>	<b>26,382</b>	<b>267,043</b>	<b>199,907</b>	<b>183,092</b>	<b>3,865</b>	<b>--</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>--</b>	<b>59,213</b>	<b>38,953</b>	<b>--</b>	<b>(19)</b>	<b>37</b>	<b>--</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	--	--	19	--	--
Transfer Out	--	(48,244)	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>(48,244)</b>	<b>--</b>	<b>--</b>	<b>19</b>	<b>--</b>	<b>--</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>10,969</b>	<b>38,953</b>	<b>--</b>	<b>--</b>	<b>37</b>	<b>--</b>
<i>Fund Balance at Beginning of Period</i>	<i>--</i>	<i>95,306</i>	<i>159,237</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>6,041</i>
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ 106,275</b>	<b>\$ 198,190</b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ 37</b>	<b>\$ 6,041</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

**Special Revenue**

	<b>Building Department</b>	<b>Register of Deeds Automation</b>	<b>Sheriff Special Projects</b>	<b>Concealed Pistol</b>	<b>Local Officer Training</b>	<b>DARE</b>	<b>Drug Court</b>
<b>Revenues</b>							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	16,571	--	--	--
Federal Sources	--	--	--	--	--	--	73,018
State Sources	--	--	--	--	--	--	25,638
Local Sources	--	--	--	--	--	--	--
Charges for Services	401,745	35,480	--	--	7,654	--	6,210
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	--	--	--	--	--
Interest and Rentals	--	377	--	48	--	--	--
<b>Total Revenues</b>	<b>401,745</b>	<b>35,857</b>	<b>--</b>	<b>16,619</b>	<b>7,654</b>	<b>--</b>	<b>104,866</b>
<b>Expenditures</b>							
Judicial	--	--	--	--	--	--	107,782
General Government	--	10,518	--	--	--	--	--
Public Safety	490,069	--	609	--	7,600	704	--
Health and Welfare	--	--	--	--	--	--	--
Recreation and Culture	--	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>490,069</b>	<b>10,518</b>	<b>609</b>	<b>--</b>	<b>7,600</b>	<b>704</b>	<b>107,782</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(88,324)</b>	<b>25,339</b>	<b>(609)</b>	<b>16,619</b>	<b>54</b>	<b>(704)</b>	<b>(2,916)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	88,324	--	--	--	--	--	17,248
Transfer Out	--	--	--	--	--	--	(7,742)
<b>Net Other Financing Sources (Uses)</b>	<b>88,324</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>9,506</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>25,339</b>	<b>(609)</b>	<b>16,619</b>	<b>54</b>	<b>(704)</b>	<b>6,590</b>
<i>Fund Balance at Beginning of Period</i>	<i>--</i>	<i>410,920</i>	<i>1,146</i>	<i>45,923</i>	<i>23,132</i>	<i>2,149</i>	<i>30,121</i>
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ 436,259</b>	<b>\$ 537</b>	<b>\$ 62,542</b>	<b>\$ 23,186</b>	<b>\$ 1,445</b>	<b>\$ 36,711</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

	<b>Special Revenue</b>					
	<u>Sobriety Court</u>	<u>Law Library</u>	<u>Veteran's Assistance</u>	<u>SAYPA Program</u>	<u>Senior Citizen's Millage</u>	<u>Child Care</u>
<b>Revenues</b>						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ 706,103	\$ --
Licenses and Permits	--	--	--	--	--	--
Federal Sources	--	--	--	63,433	--	--
State Sources	--	--	--	--	--	434,146
Local Sources	--	--	273	50,816	--	--
Charges for Services	8,370	--	--	--	--	10,116
Fines and Penalties	--	--	--	--	--	--
Other Revenues	--	3,500	--	--	--	--
Interest and Rentals	--	--	--	--	--	--
<b>Total Revenues</b>	<u>8,370</u>	<u>3,500</u>	<u>273</u>	<u>114,249</u>	<u>706,103</u>	<u>444,262</u>
<b>Expenditures</b>						
Judicial	6,833	15,320	--	--	--	--
General Government	--	--	--	--	--	--
Public Safety	--	--	--	--	--	--
Health and Welfare	--	--	1,492	76,718	693,669	864,542
Recreation and Culture	--	--	--	--	--	--
Capital Outlay	--	--	--	--	--	--
<b>Total Expenditures</b>	<u>6,833</u>	<u>15,320</u>	<u>1,492</u>	<u>76,718</u>	<u>693,669</u>	<u>864,542</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,537</u>	<u>(11,820)</u>	<u>(1,219)</u>	<u>37,531</u>	<u>12,434</u>	<u>(420,280)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers In	--	11,820	--	18,559	--	424,389
Transfer Out	--	--	--	(56,090)	--	--
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>11,820</u>	<u>--</u>	<u>(37,531)</u>	<u>--</u>	<u>424,389</u>
<b>Net Change in Fund Balance</b>	<b>1,537</b>	<b>--</b>	<b>(1,219)</b>	<b>--</b>	<b>12,434</b>	<b>4,109</b>
<b>Fund Balance at Beginning of Period</b>	<u>16,748</u>	<u>--</u>	<u>22,305</u>	<u>--</u>	<u>222,945</u>	<u>74,492</u>
<b>Fund Balance at End of Period</b>	<b>\$ 18,285</b>	<b>\$ --</b>	<b>\$ 21,086</b>	<b>\$ --</b>	<b>\$ 235,379</b>	<b>\$ 78,601</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

**Special Revenue**

	<b>Senior Citizens Busing</b>	<b>DAV Van</b>	<b>County Fair</b>	<b>Housing Commission</b>	<b>Sheriff Work Crew</b>	<b>ORV Fund</b>	<b>Indigent Defense</b>
<b>Revenues</b>							
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and Permits	--	--	--	--	--	--	--
Federal Sources	--	--	--	--	--	--	--
State Sources	25,000	--	--	--	--	--	26,882
Local Sources	--	--	--	--	--	--	--
Charges for Services	--	--	154,544	--	10,396	--	--
Fines and Penalties	--	--	--	--	--	--	--
Other Revenues	--	--	103	58,892	--	--	--
Interest and Rentals	--	--	--	187	--	--	--
<b>Total Revenues</b>	<b>25,000</b>	<b>--</b>	<b>154,647</b>	<b>59,079</b>	<b>10,396</b>	<b>--</b>	<b>26,882</b>
<b>Expenditures</b>							
Judicial	--	--	--	--	--	--	319,658
General Government	--	--	--	--	--	--	--
Public Safety	--	--	--	--	28,388	--	--
Health and Welfare	25,000	--	--	14,561	--	--	--
Recreation and Culture	--	--	164,170	--	--	--	--
Capital Outlay	--	--	--	--	--	--	--
<b>Total Expenditures</b>	<b>25,000</b>	<b>--</b>	<b>164,170</b>	<b>14,561</b>	<b>28,388</b>	<b>--</b>	<b>319,658</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>--</b>	<b>--</b>	<b>(9,523)</b>	<b>44,518</b>	<b>(17,992)</b>	<b>--</b>	<b>(292,776)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	13,794	--	17,992	--	181,223
Transfer Out	--	--	--	--	--	--	--
<b>Net Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>13,794</b>	<b>--</b>	<b>17,992</b>	<b>--</b>	<b>181,223</b>
<b>Net Change in Fund Balance</b>	<b>--</b>	<b>--</b>	<b>4,271</b>	<b>44,518</b>	<b>--</b>	<b>--</b>	<b>(111,553)</b>
<b>Fund Balance at Beginning of Period</b>	<b>--</b>	<b>600</b>	<b>11,091</b>	<b>207,943</b>	<b>--</b>	<b>1,763</b>	<b>111,553</b>
<b>Fund Balance at End of Period</b>	<b>\$ --</b>	<b>\$ 600</b>	<b>\$ 15,362</b>	<b>\$ 252,461</b>	<b>\$ --</b>	<b>\$ 1,763</b>	<b>\$ --</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended December 31, 2019**

	<u>Special Revenue</u>		<u>Capital Projects</u>				<u>Total Nonmajor Governmental Funds</u>
	<u>Veteran's Memorial Park</u>	<u>CCE 911 Millage</u>	<u>DHHS Building</u>	<u>Revolving Drain Fund</u>	<u>Doris Reid Capital Project</u>	<u>Animal Control Project</u>	
<b>Revenues</b>							
Taxes	\$ --	\$ 705,640	\$ --	\$ --	\$ --	\$ --	\$ 1,764,707
Licenses and Permits	--	--	--	--	--	--	16,571
Federal Sources	--	--	--	--	--	--	140,353
State Sources	--	--	--	--	--	--	712,908
Local Sources	29,352	--	--	--	--	--	80,441
Charges for Services	--	--	--	--	--	--	940,511
Fines and Penalties	--	--	--	--	--	--	872
Other Revenues	--	--	--	--	--	--	450,280
Interest and Rentals	--	--	19,275	--	--	--	105,482
<b>Total Revenues</b>	<u>29,352</u>	<u>705,640</u>	<u>19,275</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,212,125</u>
<b>Expenditures</b>							
Judicial	--	--	--	--	--	--	449,593
General Government	--	--	--	--	--	--	501,814
Public Safety	--	315	--	--	--	--	917,828
Health and Welfare	30,552	--	--	--	--	--	2,059,498
Recreation and Culture	--	--	--	--	--	--	168,035
Capital Outlay	--	--	--	--	--	103,552	103,552
<b>Total Expenditures</b>	<u>30,552</u>	<u>315</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>103,552</u>	<u>4,200,320</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(1,200)</u>	<u>705,325</u>	<u>19,275</u>	<u>--</u>	<u>--</u>	<u>(103,552)</u>	<u>11,805</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	--	--	--	--	--	103,552	876,920
Transfer Out	--	--	--	--	--	--	(112,076)
<b>Net Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>103,552</u>	<u>764,844</u>
<b>Net Change in Fund Balance</b>	<u>(1,200)</u>	<u>705,325</u>	<u>19,275</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>776,649</u>
<b>Fund Balance at Beginning of Period</b>	<u>1,200</u>	<u>--</u>	<u>33,717</u>	<u>100</u>	<u>--</u>	<u>--</u>	<u>1,556,787</u>
<b>Fund Balance at End of Period</b>	<u>\$ --</u>	<u>\$ 705,325</u>	<u>\$ 52,992</u>	<u>\$ 100</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,333,436</u>

**County of Cheboygan**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**December 31, 2019**

	<u>Enterprise</u>			<u>Total Enterprise Funds</u>
	<u>Marina</u>	<u>Tax Foreclosure</u>	<u>Jail Commissary</u>	
<b>ASSETS</b>				
<i>Current Assets</i>				
Cash and Investments	\$ 86,733	\$ 913,711	\$ 57,905	\$ 1,058,349
Receivables	2,352	--	--	2,352
Inventories	16,576	--	--	16,576
Due from Other Governments	31,945	--	--	31,945
<b>Total Current Assets</b>	<b>137,606</b>	<b>913,711</b>	<b>57,905</b>	<b>1,109,222</b>
<i>Noncurrent Assets</i>				
Capital Assets Being Depreciated	1,178,760	--	--	1,178,760
<b>Total Assets</b>	<b>1,316,366</b>	<b>913,711</b>	<b>57,905</b>	<b>2,287,982</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension	2,143	--	--	2,143
<b>Total Deferred Outflows of Resources</b>	<b>2,143</b>	<b>--</b>	<b>--</b>	<b>2,143</b>
<b>LIABILITIES</b>				
<i>Current Liabilities</i>				
Accounts Payable	9,559	--	3,405	12,964
<b>Total Current Liabilities</b>	<b>9,559</b>	<b>--</b>	<b>3,405</b>	<b>12,964</b>
<i>Noncurrent Liabilities</i>				
Net Pension Liability	69,991	--	--	69,991
<b>Total Liabilities</b>	<b>79,550</b>	<b>--</b>	<b>3,405</b>	<b>82,955</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension	2,610	--	--	2,610
<b>Total Deferred Inflows of Resources</b>	<b>2,610</b>	<b>--</b>	<b>--</b>	<b>2,610</b>
<b>NET POSITION</b>				
Investment in Capital Assets	1,178,760	--	--	1,178,760
<i>Unrestricted</i>	57,589	913,711	54,500	1,025,800
<b>Total Net Position</b>	<b>\$ 1,236,349</b>	<b>\$ 913,711</b>	<b>\$ 54,500</b>	<b>\$ 2,204,560</b>

**County of Cheboygan**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2019**

	<u>Enterprise</u>			<u>Total Enterprise Funds</u>
	<u>Marina</u>	<u>Tax Foreclosure</u>	<u>Jail Commissary</u>	
<b>Operating Revenues</b>				
Charges for Services	\$ 460,999	\$ 294,639	\$ 144,210	\$ 899,848
<i>Total Operating Revenues</i>	<u>460,999</u>	<u>294,639</u>	<u>144,210</u>	<u>899,848</u>
<b>Operating Expenses</b>				
Personnel Services	85,551	9,205	--	94,756
Contractual Services	--	59,784	--	59,784
Utilities	23,146	--	--	23,146
Repair and Maintenance	18,566	--	--	18,566
Other Supplies and Expenses	347,385	26,190	132,937	506,512
Depreciation	76,175	--	--	76,175
<i>Total Operating Expenses</i>	<u>550,823</u>	<u>95,179</u>	<u>132,937</u>	<u>778,939</u>
<i>Operating Income (Loss)</i>	<u>(89,824)</u>	<u>199,460</u>	<u>11,273</u>	<u>120,909</u>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	--	621	--	621
Capital Grants	31,945	--	--	31,945
<i>Net Non-Operating Revenues (Expenses)</i>	<u>31,945</u>	<u>621</u>	<u>--</u>	<u>32,566</u>
<i>Income Before Transfers</i>	<u>(57,879)</u>	<u>200,081</u>	<u>11,273</u>	<u>153,475</u>
Transfers In	31,945	--	--	31,945
<i>Change In Net Position</i>	<u>(25,934)</u>	<u>200,081</u>	<u>11,273</u>	<u>185,420</u>
<i>Net Position at Beginning of Period</i>	1,262,283	713,630	43,227	2,019,140
<i>Net Position at End of Period</i>	<u>\$ 1,236,349</u>	<u>\$ 913,711</u>	<u>\$ 54,500</u>	<u>\$ 2,204,560</u>

**County of Cheboygan**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended December 31, 2019**

	Enterprise			Total Enterprise Funds
	Marina	Tax Foreclosure	Jail Commissary	
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers or Users	\$ 426,992	\$ 345,099	\$ 144,210	\$ 916,301
Cash Payments to Suppliers	(367,349)	(85,974)	(142,006)	(595,329)
Cash Payments to Employees	(77,195)	(9,205)	-	(86,400)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(17,552)</u>	<u>249,920</u>	<u>2,204</u>	<u>234,572</u>
<b>Cash Flows from Noncapital and Related Financing Activities</b>				
Transfers In	31,945	-	-	31,945
<b>Net Cash Provided by Noncapital and Related Financing Activities</b>	<u>31,945</u>	<u>-</u>	<u>-</u>	<u>31,945</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Capital Grant	31,945	-	-	31,945
Capital Asset Purchases	(63,890)	-	-	(63,890)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(31,945)</u>	<u>-</u>	<u>-</u>	<u>(31,945)</u>
<b>Cash Flows from Investing Activities</b>				
Interest Earned	-	621	-	621
<b>Net Cash Provided by Investing Activities</b>	<u>-</u>	<u>621</u>	<u>-</u>	<u>621</u>
<b>Net Increase (Decrease) in Cash and Investments</b>	(17,552)	250,541	2,204	235,193
<i>Cash and Investments - Beginning of Year</i>	104,285	663,170	55,701	823,156
<b>Cash and Investments - End of Year</b>	<u>\$ 86,733</u>	<u>\$ 913,711</u>	<u>\$ 57,905</u>	<u>\$ 1,058,349</u>
<b>Reconciliation of Operating Income (Loss) to</b>				
<b>Net Cash Provided by (Used in) Operating Activities</b>				
Operating Income (Loss)	\$ (89,824)	\$ 199,460	\$ 11,273	\$ 120,909
<b>Adjustments to Reconcile Operating Income (Loss) to</b>				
<b>Net Cash Provided by (Used in) Operating Activities</b>				
Depreciation	76,175	-	-	76,175
<b>Change in Assets, Liabilities, and Deferred Outflows/Inflows</b>				
Receivables	(34,007)	-	-	(34,007)
Prepaid Items	563	-	-	563
Inventories	12,252	50,460	-	62,712
Accounts Payable	8,933	-	(9,069)	(136)
Net Pension Liability and Related Deferred Items	8,356	-	-	8,356
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>\$ (17,552)</u>	<u>\$ 249,920</u>	<u>\$ 2,204</u>	<u>\$ 234,572</u>

**County of Cheboygan**  
**Combining Statement of Fiduciary Assets and Liabilities**  
**Fiduciary Funds**  
**December 31, 2019**

	<u>Agency</u>					
	<u>T and A</u>	<u>Friend of the Court Agency</u>	<u>Library</u>	<u>District Court</u>	<u>Inmate Trust Fund</u>	<u>Total</u>
<b>ASSETS</b>						
Cash and Investments	\$ 617,942	\$ 200	\$ 197,965	\$ 21,661	\$ 12,268	\$ 850,036
<i>Total Assets</i>	<u>617,942</u>	<u>200</u>	<u>197,965</u>	<u>21,661</u>	<u>12,268</u>	<u>850,036</u>
<b>LIABILITIES</b>						
Assets Held on Behalf of Others	617,942	200	197,965	21,661	12,268	850,036
<i>Total Liabilities</i>	<u>\$ 617,942</u>	<u>\$ 200</u>	<u>\$ 197,965</u>	<u>\$ 21,661</u>	<u>\$ 12,268</u>	<u>\$ 850,036</u>



**CHEBOYGAN COUNTY, MICHIGAN  
SINGLE AUDIT ACT COMPLIANCE  
YEAR ENDED DECEMBER 31, 2019**

# TABLE OF CONTENTS

## COUNTY OF CHEBOYGAN

<b>Table of Contents</b>	<b>Page</b>
Independent Auditor's Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Schedule of Expenditures of Federal Awards	2
Notes to the Schedule of Expenditures of Federal Awards	3
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 <i>Government Auditing Standards</i>	4
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	6
Schedule of Findings and Questioned Costs	9
Summary Schedule of Prior Audit Findings	9

**INDEPENDENT AUDITOR'S REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

July 21, 2020

To the Board of Commissioners  
Cheboygan County, Michigan  
Cheboygan, Michigan

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 Cheboygan County, Michigan (the "County") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated July 21, 2020, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Gabridge & Company, PLC  
Grand Rapids, MI  
July 21, 2020

# County of Cheboygan

For the Year Ended December 31, 2019

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Pass-through programs from the Michigan Department of Natural Resources</i>			
DNR Forest	10.665	N/A	\$ 3,902
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
<i>Pass-through programs from the Michigan State Police</i>			
Byrne JAG	16.738	72157-SCAO-2019	73,018
Byrne JAG	16.738	2017-MU-BX-0191	44,687
Byrne JAG	16.738	2019-MU-BX-0061	18,746
Total U.S. Department of Justice			136,451
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
<i>Pass-through programs from the Michigan Department of Transportation</i>			
* Formula Grants for Rural Areas Program	20.509	2017-0032 P6	25,220
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	2017-0032 P7	53,340
* Operating Grant - Section 5311	20.509	2017-0032/P11	229,152
Total U.S. Department of Transportation			307,712
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Pass-through programs from the Michigan Department of Human Services</i>			
Title IV-D Incentive Payment	93.563	FIP2019	35,864
PA Title IV-D Reimbursement - 10/1/16 to 9/30/21	93.563	CSPA17-16002	68,033
FOC Title IV-D Reimbursement - 10/1/16 to 9/30/21	93.563	CSFOC17-16001	322,712
Total U.S. Department of Health and Human Services			426,609
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
<i>Pass-through programs from the Michigan Department of State</i>			
Police, Emergency Management Division			
Fiscal Year 2017 Homeland Security Grant Operation Stonegarden	97.067	EMW-2017-SS-00013-S01	47,014
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 921,688

\* FY 9/30/19

## County of Cheboygan

### Notes to the Schedule of Expenditures of Federal Awards

---

#### NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Cheboygan County (the "County") under programs of the federal government for the year ended December 31, 2019. 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, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

The County's reporting entity is defined in Note 1 of the County's Audited Financial Statements. The County's financial statements include the operations of the Cheboygan County Road Commission and the Cheboygan Airport Authority as discretely presented component units, which received federal awards that are not included in the Schedule for the year ended December 31, 2019, as the entities were separately audited.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the County's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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 §200.414 of the Uniform Guidance.

#### NOTE 3 - RECONCILIATION TO FINANCIAL STATEMENTS

A reconciliation of the amounts presented in the Schedule to the amounts presented in the financial statements is as follows:

<b>Federal sources reported in the financial statements</b>	
Governmental funds, federal sources	\$ 613,976
Business-type funds, federal operating assistance	229,152
Business-type funds, federal capital assistance	78,560
<b>Total expenditures of federal awards</b>	<u>\$ 921,688</u>

**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***

To the Board of Commissioners  
Cheboygan County  
Cheboygan, Michigan

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 Cheboygan, Michigan (the "County"), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 21, 2020. Our report includes a reference to other auditors who audited the financial statements of the Cheboygan County Road Commission and the Cheboygan Airport Authority, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control over Financial Reporting**

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



Gabridge & Company, PLC  
Grand Rapids, MI  
July 21, 2020

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

To the Board of Commissioners  
Cheboygan County  
Cheboygan, Michigan

**Report on Compliance for Each Major Federal Program**

We have audited the County of Cheboygan, Michigan's (the "County") 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's major federal programs for the year ended December 31, 2019. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. The County's basic financial statements include the operations of the Cheboygan County Road Commission and the Cheboygan Airport Authority, which are discretely presented component units; all of which received certain federal awards which are not included in the schedule of expenditures of federal awards for the year ended December 31, 2019. Our audit, as described below, did not include the operations of the Cheboygan County Road Commission or the Cheboygan Airport Authority because they arranged for a separate financial statement audit report.

***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.

***Independent Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County'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'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's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County 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, 2019.

### **Report on Internal Control over Compliance**

Management of the County 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'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'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 a 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.

***Purpose of this Report***

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.

*Gabridge & Company*

Gabridge & Company, PLC  
Grand Rapids, MI  
July 21, 2020

**County of Cheboygan**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended December 31, 2019**

<b>SECTION I - SUMMARY OF AUDITOR'S RESULTS</b>
---

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal controls over financial reporting	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weaknesses	None reported

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 2 CFR 200.516(a)?	No
--	----

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and B programs?	\$ 750,000
Auditee qualified as a low-risk auditee?	Yes

<b>SECTION II - FINANCIAL STATEMENT FINDINGS</b>
--

No matters were reported.

<b>SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS</b>
--

No matters were reported.

<b>SECTION IV - SUMMARY OF PRIOR AUDIT FINDINGS</b>
---

No findings or questioned costs in the prior year.

July 21, 2020

To the Board of Commissioners  
Cheboygan County  
Cheboygan, Michigan

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 Cheboygan, Michigan (the "County") as of and for the year ended December 31, 2019. Our report includes a reference to other auditors. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 3, 2020. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the fiscal year ended December 31, 2019. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions 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 County's financial statements were:

- Management's estimate of the useful life of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's assumptions used in the actuarial valuations of the pension are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as 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 21, 2020.

#### *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 County'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 County's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to management's discussion and analysis, pension schedules, and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 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 and individual fund financial statements and schedules and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries 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 supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

### Restriction on Use

This information is intended solely for the information and use of the Board of Commissioners and management of the County and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Gabridge & Company, PLC  
Grand Rapids, MI  
July 21, 2020